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Market Watch

# Bumpy ride ahead for Ola, Uber as shared mobility companies face weak recovery

BY ADITI SHRIVASTAVA, ET BUREAU | JUN 23, 2020, 09.28 PM IST

Post a Comment

Bengaluru: [Shared mobility companies](#) are facing weak recovery in ride numbers, even as the economy unlocks following nearly two months of a nationwide shutdown.

The outlook for cabs, rental services, bikes and autorickshaws for the full year also looks dim, as people in cities fear stepping out due to the [Covid-19 outbreak](#).

Drop in tourism and corporate travel is also hurting shared rides.

"The biggest issue with mobility is, the moment mobility grows, the spread (of the virus) grows exponentially," said Nilesh Sangoi, former CEO of [Meru Cabs](#).

The two biggest ride-hailing aggregators, [Ola](#) and [Uber](#), have recovered only about 20% of ride volume levels seen before the pandemic hit, and the full-year estimate is at best 50%, driver associations, analysts and company insiders told ET.

"There is no demand...after waiting for 12 hours, drivers are hardly getting 3-4 bookings versus 16-20 bookings earlier," said Tanveer Pasha, president of Ola Uber Drivers and Owners' Association.

Drivers' associations in Chennai, Hyderabad, Delhi, and Mumbai have seen slower uptick, he added.

Uber said the recovery varies across city and product lines, with some cities doing better than others and its low-cost products, especially Auto and Moto, recovering faster than other categories.

An Ola spokesperson told ET in an email that it had witnessed positive growth over the past weeks, both nationally and globally, as cities open up and economic activity is restored.

"In many of the major cities that have opened up, we are already serving up to 50% rides compared to the pre-Covid-19 phase," the company said.

ET was not able to independently corroborate this from driver-partners and analysts.

Bike rental startups Bounce, Yulu and Vogo have recovered 25-30% from pre-apndemic levels.

Bike taxi Rapido has seen about 15% recovery in its core offering, although it has been the fastest to re-utilise its assets for B2B deliveries.

"During the lockdown, we witnessed the transportation and overall mobility factor come to a complete standstill. We decided to pivot our focus to accelerate our logistics business, extending our logistics to grocery businesses," said Aravind Sanka, co-founder, Rapido.

Other technology companies, including e-commerce firms Flipkart and Amazon, have seen demand recover to about 70%, while food delivery companies Swiggy and Zomato have seen an uptick to about 35-37%.

The ride-hailing industry is, however, different as it is heavily dependent on work trips during peak hours and social trips during weekends and non-peak hours. Over the last 3 months, as people started working from home and stopped moving around, it has become tough for ride aggregators.



Uber said the recovery varies across city and product lines, with some cities doing better than others and its low-cost products, especially Auto and Moto, recovering faster than other categories.

**Big Change:**  
The end of Five-Year Plans: All you need to know

impacted ones, too. Thus, until the lockdown is fully removed from these cities, things will not be better," said Jaspal Singh, co-founder of transportation consulting firm Valoriser Consultants.

Demand is expected to improve to 50-60% in the last quarter of the year, Singh said.

Bike rental company Yulu said safety from Covid-19 infections is the topmost concern for commuters.

"Users find Yulu as the safest mode of commute due to our single-seater vehicles and frequent sanitization," said Amit Gupta, its cofounder.

Yulu raised Rs 30 crore from Rocketship on Monday.

Bounce and Vogo are, however, leveraging B2B channels to generate demand.

Technology companies including Ola, Urban Company, Grofers, Flipkart, Zomato, Swiggy, Amazon and Uber are investing significant capital on safety and hygiene measures.

Ola, for instance, has committed Rs 500 crore to build over 500 fumigation centres across the country, and to train drivers.

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# 50 HOT Startups to watch out for in 2017



## Hail no more! Ola, Uber's ride growth slows to a crawl

BY ADITI SHRIVASTAVA, ET BUREAU | UPDATED: JUN 04, 2019, 03.55 PM IST

Post a Comment

BENGALURU: For **Ola** and **Uber India**, growth in their core business of ride-hailing has started resembling rush hour traffic crawl. Industry analysts and company insiders, who spoke off record, said the number of daily rides has inched up by just 4% — from 3.5 million to 3.65 million — in the past six months.

For consumers, this gets reflected in far longer wait times — from an average 2-4 minutes two years back to 12-15 minutes now — and higher fares, around 15-20% in non-peak hours in major cities.

Ola and Uber India did not comment on ride numbers.

“While our core mobility categories continue to grow, we have further strengthened our offerings with deeper penetration of first and last mile categories like **Ola Autos** and **Ola Bikes** which are now present in over a 100 cities across the country. We are also on track to achieving Mission Electric — our commitment to put a million electric vehicles on the road by 2021 that will help drive sustainable mobility, for India and the world,” an Ola spokesperson said in a statement.

“Our rides business continues to show encouraging growth across India and South Asia. We believe that the future of transport is shared, multi-modal and electric,” an Uber spokesperson said in a statement.

Savage cuts in driver incentives leading to supply shortage of cabbies is the prime reason for this low single-digit growth in a business that had seen growth of 20% in 2018, 57% in 2017 and 90% in 2016 (all data is for Ola and Uber India).



The Bhavish Aggarwal and Ankit Bhati-founded company has separately raised more than Rs 400 crore from Tiger Global, Matrix Partners, and Ratan Tata for its Ola Electric business.

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“The market is facing a saturation for point-to-point cab-hailing,” said Jaspal Singh, cofounder, Valoriser Consultants, a transportation sector focused consultancy.

Falling commercial vehicle registrations too confirm the slow crawl in Ola and Uber India's business. For example, in Maharashtra, 66,683 tourist cabs, which largely work with Ola and Uber India, were registered in 2017-18, but the number fell to only 24,386 in 2018-19, according to the state transport department website.

Driver incentives were cut by 40% over the past one year. This resulted in several cab drivers defaulting on their loan payments.



### Companies Betting on Other Businesses

They abandoned vehicles sourced through the Ola and Uber leasing programme and went back to jobs they held before registering with

the ride-hailing companies, experts say.

Bengaluru has seen 25-30% drop in supply of active drivers, according to a top government official. "Ride prices have increased by at least 15-20% during non-peak hours across cities," said Neil Shah, Partner & Research Director, Counterpoint Research.

Both Ola and Uber are betting on other businesses to grow. "Ola is betting big on electric mobility for two-wheeler and three-wheeler segments to bring in affordability along with pushing self-drive two-wheeler segment through its bet on Vogo. It is also ramping up its self-drive and rental verticals even as it expands internationally and makes inroads into financial services," said a top executive at Ola, requesting anonymity.

The [Bhavish Aggarwal](#) and Ankit Bhati-founded company has separately raised more than Rs 400 crore from [Tiger Global](#), [Matrix Partners](#), and [Ratan Tata](#) for its [Ola Electric](#) business.

Its American rival Uber, which recently went public, has been under investor scrutiny for piling up losses globally. In India, which is one of the strategic growth markets for the company, it is now looking at its food delivery platform UberEats, corporate and rental businesses and bike rentals.

Uber's CEO [Dara Khosrowshahi](#) has acknowledged slowing growth in Uber's core ride-hailing business and said this will account for less than 50% of Uber's business transactions in the near future.

"With Uber and Lyft IPOs and losses under market scrutiny, there is pressure on both Ola and Uber India to become more cautious on their cash burn and explore sustainable modes of business," said an investor in a ride-hailing firm.

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# Former Honcho of Rent.com Takes the Wheel at Uber India

Amit Jain to lead operations and strategy in biggest market after US

Aditi.Shrivastava1  
@timesgroup.com

**Bengaluru:** Uber has appointed Amit Jain, a former top executive at US-based Rent.com, as its India president, as the online taxi aggregator becomes more aggressive and makes bigger bets on its largest market outside the United States.

Uber, launched in India 19 months back with three employees in Bengaluru, has expanded to 11 cities and now has a staff of more than 100, led by city-based general managers. But it faces tough competition from domestic market leader Ola and has run into regulatory hurdles in some cities. "Success in India is a global priority for us," Uber CEO Travis Kalanick said in an email.

Revenue Run Rate ₹1,100 Cr ▶▶ 23

## The Drive Ahead

Uber started ops in India 19 mths back with 3 people

It has expanded to 11 cities & has a staff of 100 people

Operations led by city-based general managers

Co faces tough competition from local leader Ola

Taxi-hailing firm has run into regulatory hurdles in some cities



### JAIN TO STEER

**AMIT JAIN**, heading operations & strategy, is based out of New Delhi

Was president at Rent.com, based out of LA

He held top positions at TPG Capital, Nexeo Solutions and McKinsey

He's an IIT-Delhi & Stanford University alumnus

▶▶ From Page 1

"(Amit's) experience as an operator, building and scaling world-class teams will be invaluable as we enter the next phase of Uber India's growth." Jain, 38, who will lead operations and strategy in India, has already settled into his new role and is now based out of New Delhi. Prior to his stint at Rent, the IIT-Delhi and Stanford University alumnus held executive positions including as senior adviser at TPG Capital; vice president at Nexeo Solutions; and associate partner at and McKinsey.

"In India, Uber is helping create tens of thousands of new jobs, empowering drivers with higher earnings potential and flexible work hours, and providing millions of consumers with a safe, reliable and convenient mode of transport," Jain said in the email. "I am humbled to be a part of this deeply committed and passionate team that is the driving force for change for millions of Indians."

The taxi-hailing firm's India revenue run rate – an annualized projection extrapolated from the latest revenue numbers – is close to ₹1,100 crore (\$200 million). "Uber expects this to increase by 35% at the end of July," said a person familiar with developments at the company, declining to be identified. "Uber continues to see phenomenal steady growth of 40% every month in India as we increase our presence and reliability in the 11 cities across India where we are operational," said Allen Penn, head of Asia operations at the company. Larger Bengaluru-based rival Ola, which operates in more than 100 Indian cities, is tracking a run rate of \$450 million-\$500 million, ET reported last week. Ola executives said the company is expected to reach \$1 billion in revenue in six months.

Uber and Ola have starkly contrasting approaches to expansion. While Ola focusses on increasing its presence in smaller towns and cities, Uber digs deeper into its existing markets before moving to the next city. "We take a phased approach to expansion and focus to deep dive in existing markets before we expand to suburban areas," Penn said.

"Only once we have achieved the same quality of service available to riders there do we look to additional cities to expand our larger geographic presence."

Uber plans to shortly begin operations in several more cities across India, Penn said.

Trouble for the taxi aggregator began in India after one of the drivers on its network allegedly raped a passenger in Delhi in December. Since then, Uber as well as Ola have come under greater regulatory scrutiny for their safety procedures and business models – the Delhi government wants cab aggregators to operate under radio taxi licences. Ola, which is backed by Softbank, DST Global and GIC, plans to expand to at least 200 cities by the end of this year.

The company's revenue spurt has been aided by its \$200-million acquisition of rival TaxiForSure, whose revenue has doubled since the deal closed in March. Ola still accounts for over 80% of the combined revenue.

According to a Goldman Sachs report titled 'India rising internet', the domestic online car rental market is expected to reach \$1.4 billion by 2030. "(Taxi aggregators) are looking at aggressive marketing campaigns and deep discounts as a tool to retain or attract new customers."

# New drivers are not signing up with Ola & Uber

*The slowing growth in fleet sizes is emblematic of a market that is maturing and stabilising after nearly a half decade of frenzied growth* Shashwati Shankar | ET Bureau | June 01, 2017, 07:35 IST

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A large number of taxi drivers have quit [Ola](#) and [Uber](#) and not many new ones are signing up, but that might be a good thing. Analysts and company executives ET spoke with said more than 10,000 drivers have left Ola and Uber in Bengaluru alone in the past

two years, as the companies gradually lowered the heady incentives they used to lure the drivers. Also, driver registrations plunged from 300-350 a day in 2016 to 40-50 this year across Bengaluru, Mumbai and Delhi.

Even so, analysts said, the slowing growth in fleet sizes is emblematic of a market that is maturing and stabilising after nearly a half decade of frenzied growth that was beginning to affect operations. “While the supply (of drivers and vehicles) has dropped from 2016 to 2017, it is stabilising and the market is slowly showing signs of maturing,” said Jaspal Singh, partner at Valoriser Consultants.

“Newer drivers coming on board are aware that the incentives and salaries offered are lower than what they were last year. They are more prepared to work longer hours for lower wages in the pursuit of owning a car in the long run.” Many of the drivers who have dropped off the platforms were earning ` Rs60,000 to 1 lakh a month in fares and incentives, he said. Ola and Uber did not immediately reply to emailed queries from ET.

Currently, Ola has about 550,000 drivers on its platform across 102 cities and Uber India about 400,000 drivers in 29 cities, according to the companies. Analysts, however, estimate that not more than onethird of these drivers are likely to be active.

Ravi Shah, a Delhi-based driver, said he returned to his previous job as a personal driver after plying for Ola and Uber for about one-and-a-half years. “It was too much of a burden. I prefer working for a family as a full-time driver, getting meals and a weekly day off. I still earn more than . 15,000 a month, plus festival ` bonuses, while enjoying a much better quality of life,” said Shah.

Several of his friends, he said, have returned to working with other taxi companies, independent outdoor rental services, or as full-time domestic drivers.

For Ola and Uber, though, demand continues to increase as customers remain hooked to the ease of tapping their mobile phones to haul a cab. This, even though fares have increased by at least 15-20% across cities, said an analyst, unwilling to be identified.

The taxi aggregators “are experimenting with different prices in different cities to see what the consumer is willing to pay. This is something that would happen independently of supply“, said this analyst. “The focus is on profitability.“

An Ola executive, speaking on condition of anonymity, said the driver exits and fewer registrations have not had much impact on the company.

“Now the market is maturing. The drivers who are likely to stick are often younger drivers who were working at even more unsatisfying jobs and are willing to put in the additional amount of time so they can be independent car owners after working four-five years with Ola, Uber or both,” this executive said.

Ram Vikas, a 24-year-old driver with Uber, was earlier a delivery boy for an ecommerce company. He says he switched to driving a taxi with the hope of owning a car by his late 20's. “I was earning around ₹ 20,000 a month as a delivery boy. With Uber, even though the hours are long, I will get to own a car in a few years,” said Vikas. “That will make my parents in the village proud and I can start saving money after that.”

Link <http://tech.economictimes.indiatimes.com/news/internet/new-drivers-are-not-signing-up-with-ola-uber/58937444>



**BATTLE FOR SUPREMACY** The ride-hailing app has applied for a city taxi licence in the national capital to fend off criticism that app-based ride service providers are unregulated and unsafe

# Ola Fleet wants a Licence to Taxi You

Aditi.Shrivastava1  
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**Bengaluru:** Ride-hailing app Ola has applied for a city taxi licence in New Delhi under the name Ola Fleet, two people directly aware of the matter, including a top government official, told ET, as the company seeks supremacy over rival Uber in the Indian market.

Ola applied for the licence on June 1. The permit typically takes 30-40 days to be granted.

San Francisco-based Uber, which has challenged the city taxi scheme in the high court, has not applied for a licence, it confirmed to ET.

"New Delhi is one of the top three cities for both Ola and Uber," said one person aware of the developments. Both companies, separately, are reaching out to state governments to lobby for better regulations. Last month, Ola got a licence to operate as an "on-demand transportation aggregator" in Bengaluru. Uber's application was rejected by the government, claiming incomplete paperwork.

However, the national capital is the most crucial market for both operators as the regulatory issues started from there, after the December 2014 rape of a 27-year-old financial executive allegedly by a driver employed with Uber.

The incident put the spotlight on app-based ride service providers, which were considered by some as unregulated and unsafe. The Delhi government, which has been trying to regulate such services, was able to ensure that both companies put an end to surge pricing earlier



this year. "While Ola is trying to legalise its models to be on the right side of the government and investors, Uber is hitting the court with recommendations to the scheme and hoping to maintain the status quo till favourable regulations are passed," an official said.

Last week, auto-rickshaws and taxis in New Delhi went on strike, demanding action against app-based cab services.

## LEGAL RIDE

In August last year, the Delhi government introduced the city taxi scheme, opening up mobile app-based taxi aggregators including Ola and Uber to come under the legal

framework and register themselves for continuing operations in the national capital.

According to the scheme, any one licence-holder cannot register more than 2,500 cars and needs to follow conditions such as installation of GPS devices, taxi meters and fare regulation.

The licence-holder is expected to ensure that every taxi is a motor cab with a valid fitness certificate issued by the transport department, is driven on clean fuel (CNG, LPG), has an engine capacity of 600 cc and above and a seating capacity not exceeding seven, inclusive of the driver.

Companies operating over 2,500

## STRAIGHT ROAD

While Ola is trying to legalise its models... Uber is hitting the court with recommendations to the scheme and hoping to maintain the status quo till favourable regulations are passed

cabs can apply for additional licences by creating new subsidiaries. Experts said the move will not affect drivers in the short term, although in the future there is a probability of a drivers' union pushing for additional incentives and minimum guarantees.

"Already, both companies have created an incentive structure in a way that makes it impossible for drivers to work with both the companies. With the leasing model, both Ola and Uber want to secure supply," said Jaspal Singh, cofounder of the transportation sector consultancy Valoriser Consultants. "The government (Ministry of Road Transport and Highways) should come out with policy guidelines for states," he said. "It's important to see how these companies can integrate with public transport. China has come out with a national policy under which app companies need to share data with the government. These tools should bring larger benefits."

**MAJOR RAMIFICATIONS** Surprise alliance with arch rival Didi Chuxing will allow Uber to concentrate on other important emerging markets

# Has Uber Ended China Battle to Begin India War?

Aditi Shrivastava  
& Madhav Chanchani

**Bengaluru:** Uber and China's Didi Chuxing have struck an unexpected trans-Pacific partnership which signifies the American company's capitulation in the Middle Kingdom and portends an intensification of its drive to conquer India.

Analysts and industry observers were befuddled

how exactly the Uber-Didi bonhomie would play out in India, but all were unanimous that the ramifications would be major. The de facto acquisition of Uber's Chinese operations by Didi set off furious commentary around the world.

**Non-Compete Agreement** ▶▶ 12

## What's Appening?

### INVESTOR OVERLAP IN CAB-AGGREGATOR SPACE

**TIGER GLOBAL, OLA'S** early backer, invested in Uber in Dec 2015



**IN DEC, DIDI** Chuxing, Ola, Lyft and GrabTaxi formed a global alliance that allowed them to share customers and tech besides competing with Uber

**OLA, DIDI** Chuxing and GrabTaxi are all backed by SoftBank while Lyft has received funding from Alibaba, which counts SoftBank as an early investor

**DIDI CHUXING IS ALSO AN** investor in Ola and GrabTaxi

**IN MAY, UBER AND ALIPAY** entered into a partnership enabling Chinese travellers to request and pay for Uber rides either from Uber or Alipay app globally

**ALIPAY'S PARENT** company Alibaba owns a stake in Didi Chuxing

▶▶ From Page 1

A few were conspicuously speechless — Ola, the India market leader and rival to Uber; and Ola's main investor SoftBank.

Two sources that ET spoke to also believe that Didi Chuxing and Uber may have signed a non-compete agreement for international markets. "It is likely that a clause for Didi to not compete with Uber in markets outside China or not finance any competition further is a part of the deal," said one of them.

Another said that under the terms of the pact, Didi cannot directly operate in markets Uber is present in, which means that in India it can invest a little more in Ola (its stake is in the single digit percentage) but cannot be the single-largest owner.

On Monday, arch rivals Uber and Didi stunned the world by announcing that they are combining their businesses in China for a total valuation of \$35 billion. Didi will also invest \$1 billion in Uber, according to a report in Bloomberg, cementing the alliance between the global big boys of ride-hailing and freeing Uber up to fight market-share battles in other important emerging markets.

"India is the next battleground," said a person who tracks the industry closely. "Uber is out of China, which means their ability to invest in India goes up 2x-3x," he said.

SoftBank and Didi Chuxing did not reply to ET's queries. Uber and Ola declined to comment.

Didi Chuxing's decision to call a truce with Uber is significant as the Chinese company was leading a global alliance against the US rival. Besides investing in Ola, Didi

Chuxing also invested in Indonesia-based GrabTaxi and US-based Lyft as a part of the alliance which aimed to share customers and technology.

The acquisition puts a question mark on this alliance, although Didi said in its statement that it "will continue to work with global partners in connecting local resources to create the best possible cross-border ridesharing experience for their users".

Uber is the latest American technology multinational to eat humble dumpling in China, a market which has fed the same dish to Google, Facebook, Twitter and Amazon. But these companies have prospered in India, where they are either market leaders or close challengers for the top spot.

Expert said Uber is likely to follow online retailer Amazon, which has been spending aggressively in India after losing out in China to local rivals. While pulling out of China will help it move towards profitability as it plans a public listing, it will need to keep up momentum in India where Ola has been able to retain its market leadership through lower-cost alternatives like Ola Mini while also strengthening its supply of drivers and cars.

"This is the beginning of sanity coming to this market. They (Uber) always had a focus on India and access to capital," said an investor in Ola.

### IMPACT ON OLA'S FUNDRAISING

Opinions are split about whether the deal helps or hurts Ola's fundraising prospects, as it puts Didi's participation in the round under question.

"It could embolden international investors to put more money in Ola, since it proves local com-

panies can win," said Rehan Yar Khan, an early investor in Ola and founder of venture capital firm Orios Venture Partners, who also added that flip side could be Uber investing more aggressively in India.

But some others feel that the deal will make the future of Ola, led by IIT-Bombay alumnus Bhavish Aggarwal, more uncertain.

"There is definitely some long-term implication as Didi was working closely with Grab, Lyft and Ola. We may see more consolidation in the coming days," said Jaspal Singh, a transport analyst at Valouriser Consultants.

Besides creating a more complex situation for a potential new round of funding, the Didi-Uber deal may also create investor-relations hassles for Ola. "Another issue which Ola will have to address is access to data which Uber may have access to as a part of this deal," said another investor who holds an indirect stake in Ola.

As a part of the acquisition, Didi Chuxing founder Cheng Wei is joining Uber board while Uber CEO Travis Kalanick will join Didi Chuxing. Uber is expected to hold 17.7% in the combined entity in China. Didi said it will also hold a minority stake in Uber, without disclosing details.

Kartik Hosanagar, a professor at The Wharton School, said that Uber will now be a more important part of Didi's global strategy than Ola and Grab. This is reflected in the fact that Uber and Didi are each making a board seat available to the other, he said.

"That will mean a lot of strategic information being traded among the two and therefore will require Didi distancing itself from Ola and others."

# Ola Buys TFS for ₹1,237 Crore

Cash-and-stock deal values Ola at ₹8,700 cr; 1 Ola share for 7 TFS shares

## Our Bureau

**Bengaluru:** India's largest taxi aggregator Ola has bought smaller rival TaxiForSure for ₹1,237 crore (\$200 million) in a cash-and-stock deal that sets the stage for greater competition between the SoftBank-backed Bengaluru-based firm and its San Francisco-headquartered rival Uber in the fast-growing market for app-based taxi services.

The deal values the four-year-old Ola, which was founded by two IIT-Bombay alumni, at ₹8,700 crore (\$1.4

billion). It was stitched together by investors in the two companies and includes a cash payout for the two co-founders of TaxiForSure, said two persons privy to the details of the transaction. Three people familiar with the deal's terms told ET that TFS shareholders would get one Ola share for seven TFS shares.

The acquisition for \$200 million, which was first reported by ET in its January 29 edition, will rank as the second-largest deal in the Indian startup sector.

**TFS to Remain Independent Entity** ▶▶ 17

**THE ECONOMIC TIMES**

DEAL LIKELY AT ₹1,250 CRORE

### Olacabs Hits the Highway, to Buy Out TaxiForSure

Shifting into Top Gear

WALL	OWNERS	INVESTORS
It is a total cash deal to acquire TaxiForSure	By Ola's ₹8,700 crore cash & stock deal, graduates of IIT	Ola, SoftBank, Tiger Global, Matrix Partners, Sequoia

## TFS to Remain Independent Entity

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The largest deal in the sector was Flipkart's purchase of fashion portal Myntra last year. TaxiForSure, which will continue to function as an independent entity even after the acquisition, will be run by Arvind Singhal who will be elevated from the post of chief operating officer to chief executive officer, while its two cofounders — Aprameya Radhakrishna and Raghunandan G — will take on an advisory role that is expected to last for about six months.

The two IIM-Bangalore graduates, who set up TaxiForSure in 2011, owned about 5.5% of the company each. They have now been paid a cash compensation of about Rs 136 crore in addition to some Ola stock, said sources aware of the negotiations. "TaxiForSure as a brand can now focus on further developing its offering to operators and customers and save resources on funding efforts and fighting competition," said Bhavish Aggarwal, Ola's chief executive officer, adding that "for customers, drivers and operators on the TaxiForSure platform, nothing will change." Aggarwal founded Ola with Ankit Bhatti. "We feel we should ride the original bet and Ola is backed by a strong set of investors," said Karthik Reddy of Blume Ventures, who was among the first venture funds to back TaxiForSure.

"The deal sets a template for players who realise that many startups in the same space cannot survive and have to aggregate to compete," added Reddy.

### RIDE GOT ROUGH AFTER SEPT 2014

Until September 2014, TaxiForSure, backed by Accel Partners and Helion Venture, was competing gamely



with larger rivals Ola and Uber in fast-growing taxi aggregation market. But in October, when SoftBank led a \$210-million funding round in Ola, TFS was under pressure to raise more cash to stay in the game.

Weeks later, the alleged rape of a passenger by a driver on the Uber network triggered a spate of regulatory scrutiny on the sector, making it difficult for TaxiForSure to convince investors to back the smaller player in a volatile market.

Experts are of the view that TaxiForSure had to sell out due to shortage of working capital. Both Ola and Uber offered to buy out TaxiForSure, even as the company made a last-minute attempt to raise about \$60 million of fresh funding. People in the know told ET that while Uber offered a predominantly cash-based deal, investors preferred the promise of further growth that Ola stock offered.

Among the most prominent deal-makers were TaxiForSure investors — Lee Fixel, a partner at Tiger Global and Subrata Mitra, a partner at Accel Partners India — who helped seal the final transaction, according to sources who briefed ET on the developments. Avendus Capital advised TaxiForSure in the transaction.

"As markets become mature, consolidation is bound to happen, which is always good," said a top Uber executive on condition of anonymity. "We are a strong rival and we are still committed to building our presence and making investments in India."

### TAKING ON UBER

Globally, an alliance of cab aggregators is shaping up to defeat Uber's growing domination. In Asian markets, this is largely led by SoftBank and includes companies such as Ola and Philippines-based GrabTaxi. Recently, two of China's two leading taxi companies — Kuaidi Dache and Didi Dache — backed by tech giants Alibaba and Tencent, respectively, decided to merge. Together they now account for 95% of the Chinese taxi industry. The Ola-TFS merger appears to mirror this strategy. "In the long-term, there will be 3-4 national players and 1-2 regional players in key cities," said Jaspal Singh of consultancy Valoriser Consultants.

"TFS is selling out quickly due to shortage of working capital. In the current scenario, it seems it was difficult for TFS to continue operations without further capital infusion."

Industry watchers, however, are not convinced that Ola has won the battle in the Indian market, despite leading with a network of over 40,000 drivers compared with Uber's 10,000. "Uber is a global company and has the financial muscle to (compete) in an aggressive way," said Sunil Watal, who teaches management information systems at Temple University.

As the industry has low entry barriers, it is the network of consumers and drivers that are seen as the unique competitive advantage for all companies. "It is imperative that Ola builds its brand and financial position quickly," said Watal.

# If Uber Takes a Bike Ride, Can Ola be too Far Behind!

After Uber, Ola's testing service to provide bike taxis in the city

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**Bengaluru:** Ola, India's largest cab aggregator is testing a service to provide bike taxis in Bengaluru close on the heels of its main rival Uber, which launched a similar service in the city on Thursday.

The service, the latest from the Ola stable following the launch of a shuttle-bus as well as an auto-rickshaw hailing service, is aimed at helping the SoftBank-backed company consolidate its lead in the app-based urban transport market.

"With lower operating costs, increased efficiency and potential to do more trips, bikes are clearly a scalable mode of mobility," said Pranay Jivrajka, chief operating officer of Ola. The pilot will be extended to more areas in the city in the next two weeks. Riders on the Ola platform, who began offering rides on Thursday, are charging ₹2 per kilometre with a minimum fare of ₹30.



VINTAGE CLEMENT BICYCLE POSTER

According to estimates by the state transport department, Karnataka's capital had 3.8-million two-wheelers, including motor bikes, scooters and mopeds, compared to 1.1-million cars as of March 2015. If suc-

cessful, the launch of the two competing services, along with those offered by a slew of startups like Rapido and M-Taxi are set to expand the scope of commuting choices in Bengaluru, where traffic gridlocks

are a common feature. Experts are of the view that the success of bike-taxi services will also depend on them having a supportive regulatory framework. "We need to see how the market will evolve, bike-taxi service require a different type of strategy and plan," said Jaspal Singh, founder of Valoriser Consultants.

India is one of the largest markets for two-wheelers with sales more than doubling to 16 million in 2015 up from 7 million in 2008. Across the country, about a dozen startups now of-

## GEAR UP

Riders on the Ola platform, who began offering rides on Thursday, are charging ₹2 per kilometre with a minimum fare of ₹30

fer bike-taxi services ranging from Baxi in Gurgaon to Bikxie, Pillionaire, Heybob and Headlyt. Indonesia's largest bike-taxi firm GoJek recently announced plans to set up an engineering centre in Bengaluru.

# Drivers Get Boot Full of Goodies as Taxi Operators Turn Generous

To expand networks, companies wooing drivers with cash, consumer durables

Madhav Chanchani,  
Aditi Shrivastava & Harsimran Julka

**Mumbai | Bengaluru | New Delhi:** This Diwali, Delhi cab driver Shyam Kumar was spoiled for choices as two taxi companies he works for offered gifts ranging from LCD TVs and iPhones to scholarship for his child.

Taxi aggregators and operators are wooing drivers with rewards ranging from cash to consumer durables as well as subsidies and support to purchase cars, even as they scale up in a hyper-competitive market where ready availability of cabs is the most important factor that influences customer decision. As supply doesn't match increasing demand, keeping the drivers happy is key to the success of these companies.

"Nothing drives an entrepreneur more than rewards," said Anand Subramaniam, director for marketing communications at Olacabs.

Rewards for Customer Experience Too >>> 16

## Driving Away With Doles

**Uber:** LCD TVs to best performers, iPhones, monthly 3G fees, bonus of ₹100 per trip during Diwali. Bonus for logging in over 84 hours a week

**Olacabs:** ₹1,000 to every black-yellow cab driver for the first few weeks. Drivers with best ratings get LCD TVs & washing machines

**TaxiForSure:** ₹5/km if pickup address is quite far away. Microwave ovens, electronics as gifts on good customer reviews. Hefty discounts on car buys

**Meru Cabs:** Accident insurance to drivers and scholarships to their children. Reward for good ratings

**Mega Cabs:** Mediclaim & accident insurance. Rolling out personality development training & soft skills courses

### REASONS FOR DRIVER SOPS

High demand for cabs and short supply of drivers

Operator with more drivers likely to be the first choice of commuters

To create brand loyalty among drivers & attract new ones



>>> From Page 1

Olacabs last week received \$210 million (₹1,290 crore) of funding from Japan's Softbank. His company has helped drivers buy cars and become entrepreneurs themselves. "We have had occasions when 100 cars were sold in one day. Drivers with best ratings get LCD TVs and washing machines."

Half a dozen taxi-services companies—both online aggregators and operators such as Uber, Ola, Meru Cabs and TaxiForSure—are looking to increase the supply of cabs in India's metros. India has an estimated 5.5 lakh commercial cabs for its 10 large cities, which have a combined population of about 6 crore.

Taxi startups are flush with funds while established operators like Meru are planning to raise capital to take on the onslaught from the new players. Both are struggling with a shortage of commercial cab drivers.

"The biggest challenge for the industry (radio and online cab aggregators) is to balance demand and supply," said Jaspal Singh, Valoriser Consultants. "In order to build supply, the companies are recruiting tourist taxi operators and also work as guarantor for the financing of vehicles to new drivers."

Rewards help too, because they encourage a driver like Kumar, the Delhi cab driver, to keep working for a particular operator or someone else to join the network. Online aggregator Uber offered LCD TVs and iPhones through lotteries and bonus money per trip for plying in the festive week. Meru offered scholarship and a ₹50 reward for each good customer review.

In Mumbai, Olacabs is doling out ₹1,000 to every Black-Yellow cab driver for the first week regardless of the number of rides they do. The caveat is that driver cannot refuse a ride whenever summoned.

"This is a network effect marketplace and the entire name of the game is scale," said Tarun Davda, director of Matrix Partners which has backed Olacabs. "The company which scales the most by adding more drivers and passengers will eventually win."

# Rewards for Customer Experience Too

In Bengaluru, Uber is offering a bonus of ₹300 to drivers to take three rides during peak hours. If a driver logs in 84 hours a week, he gets at least ₹15,000 plus waiver on the commission that he needs to pay Uber. "Just the overall benefits and incentives itself takes care of the fuel costs," said Yashwanth, a Bengaluru-based full-time Uber driver. "Everything that I earn from my trips goes into savings." Uber declined to comment.

It's not only the login hours but also the customer experience that these aggregators are rewarding drivers for. Driver with high star ratings on Ola, TaxiForSure and Uber get monetary rewards.

"Each customer review is priced at a certain amount. When it reaches a certain threshold at the end of the month we reward them with things like microwave ovens or petro cards," said Aprameya Radhakrishna, CEO of TaxiForSure.

Bengaluru-based TaxiForSure reduced its base fare for users to just ₹49 when others such as Ola and Uber charge around ₹100. "In the current scheme of ₹49 per 4 km, we have been subsidising the rides. We also subsidise the ride for a driver and give them Rs 5 per km extra if they have to ply long distance to grab a booking," Radhakrishna added.

Meru, the nation's largest taxi operator with about 10,000 cabs across 12 cities, says it is against offering subsidies and cash rewards.

"We believe that if you give cash rewards to drivers for doing something very basic then you are creating a culture where such expectations increase," said Siddharth Pahwa of Meru, which provides accident insurance and scholarship to drivers' children. "We do not want to create a subsidy culture in this industry."

The biggest friction point for online cab aggregators, experts say, is bringing drivers on the platform because you have to get them used to a commission model compared with a fixed salary which they were used to. But when they get used to it, some drivers prefer to work for the online aggregators. Kumar, the Delhi cab driver, said he prefers logging on to Uber app, as it gives him freedom to take offs whenever he wants to.

<b>Benchmarks &gt;</b> <b>Sensex</b> <span style="color:red">CLOSED</span> 39,529.72 <span style="color:red">-553.82</span>	<b>NSE Loser-Large Cap &gt;</b> <b>GAIL</b> 316.30 <span style="color:red">-41.95</span>	<b>Forex &gt;</b> <b>USD/INR</b> 69.27 <span style="color:green">0.01</span>	Stock Analysis, IPO, Mutual Funds, Bonds & More <b>Market Watch</b>
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**50** Startups to watch out for in 2017



# Hail no more! Ola, Uber's ride growth slows to a crawl

BY ADITI SHRIVASTAVA, ET BUREAU | UPDATED: JUN 04, 2019, 03.55 PM IST

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BENGALURU: For **Ola** and **Uber India**, growth in their core business of ride-hailing has started resembling rush hour traffic crawl. Industry analysts and company insiders, who spoke off record, said the number of daily rides has inched up by just 4% — from 3.5 million to 3.65 million — in the past six months.

For consumers, this gets reflected in far longer wait times — from an average 2-4 minutes two years back to 12-15 minutes now — and higher fares, around 15-20% in non-peak hours in major cities.

Ola and Uber India did not comment on ride numbers.

“While our core mobility categories continue to grow, we have further strengthened our offerings with deeper penetration of first and last mile categories like **Ola Autos** and **Ola Bikes** which are now present in over a 100 cities across the country. We are also on track to achieving Mission Electric — our commitment to put a million electric vehicles on the road by 2021 that will help drive sustainable mobility, for India and the world,” an Ola spokesperson said in a statement.

“Our rides business continues to show encouraging growth across India and South Asia. We believe that the future of transport is shared, multi-modal and electric,” an Uber spokesperson said in a statement.

Savage cuts in driver incentives leading to supply shortage of cabbies is the prime reason for this low single-digit growth in a business that had seen growth of 20% in 2018, 57% in 2017 and 90% in 2016 (all data is for Ola and Uber India).



The Bhavish Aggarwal and Ankit Bhati-founded company has separately raised more than Rs 400 crore from Tiger Global, Matrix Partners, and Ratan Tata for its Ola Electric business.

**Big Change:**  
The end of Five-Year Plans: All you need to know



**Young Millionaires From Canada Confirmed This Money Hack To Be Successful**

Dealingchamp



**One Cup Of This (Before Bed) Burns Belly Fat Like Crazy!**

Growth Advice

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“The market is facing a saturation for point-to-point cab-hailing,” said Jaspal Singh, cofounder, Valoriser Consultants, a transportation sector focused consultancy.

Falling commercial vehicle registrations too confirm the slow crawl in Ola and Uber India's business. For example, in Maharashtra, 66,683 tourist cabs, which largely work with Ola and Uber India, were registered in 2017-18, but the number fell to only 24,386 in 2018-19, according to the state transport department website.

Driver incentives were cut by 40% over the past one year. This resulted in several cab drivers defaulting on their loan payments.



## Companies Betting on Other Businesses

They abandoned vehicles sourced through the Ola and Uber leasing programme and went back to jobs they held before registering with

the ride-hailing companies, experts say.

Bengaluru has seen 25-30% drop in supply of active drivers, according to a top government official. "Ride prices have increased by at least 15-20% during non-peak hours across cities," said Neil Shah, Partner & Research Director, Counterpoint Research.

Both Ola and Uber are betting on other businesses to grow. "Ola is betting big on electric mobility for two-wheeler and three-wheeler segments to bring in affordability along with pushing self-drive two-wheeler segment through its bet on Vogo. It is also ramping up its self-drive and rental verticals even as it expands internationally and makes inroads into financial services," said a top executive at Ola, requesting anonymity.

The [Bhavish Aggarwal](#) and Ankit Bhati-founded company has separately raised more than Rs 400 crore from [Tiger Global](#), [Matrix Partners](#), and [Ratan Tata](#) for its [Ola Electric](#) business.

Its American rival Uber, which recently went public, has been under investor scrutiny for piling up losses globally. In India, which is one of the strategic growth markets for the company, it is now looking at its food delivery platform UberEats, corporate and rental businesses and bike rentals.

Uber's CEO [Dara Khosrowshahi](#) has acknowledged slowing growth in Uber's core ride-hailing business and said this will account for less than 50% of Uber's business transactions in the near future.

"With Uber and Lyft IPOs and losses under market scrutiny, there is pressure on both Ola and Uber India to become more cautious on their cash burn and explore sustainable modes of business," said an investor in a ride-hailing firm.

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**DIFFERENT LANE**

# Carpool on Meru Soon



**Aditi.Shrivastava1@timesgroup.com**

**New Delhi:** Meru Cabs is piloting a public carpooling platform in Mumbai, becoming the first taxi company to venture into a nascent but highly advocated business that could bite into the cab-aggregation market.

Meru, which recently raised \$50 million (about Rs 315 crore) from investor IVFA, expects to launch the service — for private car owners to share rides with others — by September. Larger rival Ola, too, is exploring plans to launch a carpooling service.

“This will be a true marketplace model. Meru will earn its revenue share from day one by making the passenger and vehicle owner meet on a real-time basis,” said Siddhartha Pahwa, chief executive of Meru Cabs.

The Union government supports carpooling as a green initiative to mitigate toxic pollution in large cities such as Delhi and has endorsed efforts in this area. But while this opens an attractive opportunity for transport companies, regulatory uncertainties and worries over passenger safety pose potential hurdles, as they have for taxi aggregators. That hasn't stopped a raft of carpooling startups from launching in India in the past two years, such as SmartMumbaikar, ZingHopper and Ridingo, which Carzonrent recently acquired. Brazilian startup Tripda and French company BlaBlaCar, too, have launched carpooling services in India focusing on long-distance travel. Private car owners cannot profit from carpooling but can split actual ride costs with passengers, whereas businesses that link car owners with commuters can charge a fee. Jaspal Singh, cofounder of Valoriser Consultants, a research firm for transport companies, said a big concern for the carpooling business is that India doesn't have a legal framework for such firms.

**The govt supports carpooling as a green initiative**



## Radio cab businesses face tougher Mumbai ride; search for viable business model on

G Seetharaman, ET Bureau Mar 9, 2014, 10.52AM IST



Avinash Gupta would have stayed with Meru Cabs had it not been for the drivers' strike over a year ago and his car catching fire. He ended up owing the company, whose car he had driven for four years in Mumbai, nearly Rs 20,000; he couldn't pay up and was forced to leave. "Even if I could pay some of it, they would take me back.

They have a good system and their rules haven't changed," says the native of Allahabad who has been a cabbie in Mumbai for nearly two decades now. He now drives a Cool Cab taxi, an air-conditioned version of the city's black-and-yellow taxis, and makes Rs 700-800 a day, the same as he used to make at Meru, but by putting in longer hours. The strike, called by Meru Chalak Sena, a union of drivers, and which lasted over two weeks in January and February 2013,

put a big question mark over the company's future since Mumbai accounts for a third of its fleet, now at 6,500 cabs. "Politicians wanted it and we couldn't do anything," says Gupta. Meru did not recognize the union, backed by Shiv Sena.

Sambhaji Bhosale, who was a Meru driver and, as general secretary of the union, led the strike, says the drivers had legitimate demands. Among them was exemption from the daily subscription fee on their weekly holiday, which the company did not accept. "We did not concede one inch," says Siddhartha Pahwa, chief executive of Meru. Bhosale says they had to put an end to the strike because it was hurting the drivers.

### Leaving Trouble Behind

In the 13 months since the strike, Meru has not faced any trouble from its drivers which, Pahwa says, is due to a rise in the frequency of Meru's meetings with its drivers. "We now have some engagement activity or the other with them once in two months, while earlier it was just once a year." Pahwa credits these activities with bringing down attrition among its drivers to 10-11% in the past one year compared with about 25% earlier.

What's more, the eight-year-old company has added Jaipur and Ahmedabad to its network since the strike, taking the number of cities it's present in to six, with another three to be added in the next six months. Its fleet comprises sedans like Toyota Etios, Maruti Dzire, Tata Manza and Mahindra Verito.

Meru seems to have turned the corner, if Pahwa is to be believed. The company has been cash flow-positive for the past 18 months and will post its first full-year net profit in 2014-15. The company more than halved its net loss to Rs 31.1 crore in 2012-13 from the year before and grew its operating profit more than eight times to Rs 23 crore, while revenues rose only 9.3% to Rs 176 crore. However, top line growth this fiscal year is expected to be three times as high. The company is looking at customer revenues of Rs 425 crore, a growth of 32%.

ET recently reported that India Value Fund Advisors (IVFA), which has reportedly invested nearly Rs 200 crore since 2006 for a 75% stake in Meru, is looking to divest its stake. Neither Pahwa nor Pramod Kabra, partner, IVFA, commented on the news. When asked why IVFA has stayed invested in Meru, founded by Neeraj Gupta, for eight years, which is unusual for a private equity firm, Kabra said: "Our investment horizon is typically five to seven years. Specifically, in the case of Meru, unlike our other investments, we invested at a fairly early stage. The Meru business model was developed post our investment. Hence, here our investment tenure is longer."



## Taking Different Routes

Meru, New Delhi-based Mega Cabs and Easy Cabs together control about 70% of the Rs 1,200-crore radio cab market, according to Valoriser Consultants. The firm estimated the total number of radio cabs in the industry at 15,000 though some put the figure at 20,000 (see Radio Cab Industry in Numbers). The taxi market in India, in comparison, is about 4,00,000 cabs and has revenues of Rs 11,000 crore.

"Problems like strikes happen when you are establishing a trend. The rest of 2013 was trouble-free for the industry," says Kunal Lalani, managing director of Mega Cabs, which has a fleet of 3,200 cars in seven cities. The industry, as can be expected of a business which is less than a decade-old, is still evolving, with players tinkering with their business models and launching new products.

The genesis of the industry was in the ownership model in which the radio cab operator owns his fleet and the driver pays a subscription fee of Rs 900-1,300 a day or 20-30% of his fares (see Business Models). Companies say a driver, if he does not turn down business and works 26 days a month, should take home Rs 15,000-20,000 a month. About three years ago, companies like Meru started offering drivers the option of owning the car in two to four years by paying the equated monthly instalments (EMIs) for the car in addition to the subscription charge.

After the car becomes the driver's, he can choose to keep it in the operator's network under the 'attached' or aggregator model, where driver-owners pay the operator a similar subscription fee. The aggregator model is fast gaining traction despite some of its inherent problems. About half of Meru's fleet is attached. "In the cities we are in now, we will move to a completely attached model. But in new cities, we will own the fleet initially and then move to the attached model," says Pahwa.

Easy Cabs, which is a part of Carzonrent, has started experimenting with aggregation in Bangalore, with about 300 cars, says Rajiv Vij, CEO of Carzonrent. Among the largest aggregators are Savaari, Ola Cabs and Taxi-ForSure. "Before we came in companies were fleecing drivers. The drivers don't pay anything upfront [to us], it's pay-per-fare," says Bhavish Aggarwal, co-founder and CEO of Ola Cabs, backed by Tiger Global and Matrix Partners, which started operations in late 2010.

## RADIO CAB INDUSTRY IN NUMBERS

**₹1,200 cr**  
ANNUAL REVENUE

**10%**  
GROWTH IN 2013

**70%**  
MARKET SHARE OF MERU,  
MEGA CABS AND EASY CABS

**30-50%**  
SHARE OF REVENUE FROM  
THE AIRPORT SEGMENT

**10%**  
SHARE OF REVENUE  
FROM ADVERTISING

**100-500**  
MINIMUM FLEET SIZE OF A  
COMPANY IN TIER-I CITIES

**5-20**  
MINIMUM FLEET SIZE OF A  
COMPANY IN SMALLER CITIES

Source: Valoriser Consultants

Ola Cabs has run into rough weather legally, with a case pending against it in Mumbai, thanks to it not being a licensed fleet operator. Ola's competitors contend that Ola's services are illegal since it offers point-to-point fares for cars with tourist permits while only cars with taxi permits are allowed to do so.

Regular taxis and radio cabs have their metres calibrated by the local transportation authority and while they are not allowed to charge more, nothing stops them from charging less. For instance, in Mumbai radio cabs have a cap of Rs 27 for the first kilometre and Rs 20 for every subsequent kilometre in the daytime. In comparison, Ola charges Rs 21 a kilometre, subject to a minimum of Rs 150. Ola, which uses an Android device in place of a metre, did not comment on its legal issues. **"Since there is no clear policy, the attached model is a way out of different regulations for operators," says Jaspal Singh of Valoriser Consultants.**

Mumbai is unlike any other city in India in that the radio cab operator licence and taxi permits cost a lot more to obtain. For instance, a radio taxi permit could cost roughly Rs 3 lakh in Mumbai compared to about Rs 10,000 in Bangalore. Moreover, getting a taxi driver's badge is no longer easy since the conditions require, among other things, that the driver be domiciled in Maharashtra for 15 years to be eligible. "Drivers in Mumbai have many options. The day a driver leaves us, Meru calls him, Easy Cabs calls him," says Prasenjeet Bagchi, chief marketing officer of Tab Cab, which operates only in Mumbai with a fleet size of 2,800, all of which it owns.

It has permits for another 1,200. A Meru driver, requesting anonymity, says he gets calls from Tab Cab and other operators everyday, but is not keen on moving since he has been with Meru for four years and owns his car after paying the EMI for two years.

"Whether or not you own the car, what matters is getting fares. Meru has an advantage since it has been around longer in Mumbai," he says. Operators agree that Mumbai is probably the toughest market given the linear geography of the city and the prevalence of black-and-yellow taxis. Circular cities are more optimal for cabs since they can do more fares. "Mumbai is nonprofitable. Fixed costs are much higher and so are the expectations of drivers," says Lalani.

Bagchi believes the attached model may not work in Mumbai given the stringent regulations concerning permits and taxi drivers' badges. "Also, you lose control in the aggregator model when it comes to maintaining the quality of service." But his seems to be a lone voice of dissent in an industry that is warming up to the attached model.

## **Cabs Get Cheaper, Some Pricier**

Another development, which is more recent and could have big implications for the fleet taxi business, is the launch of Meru Genie and Ola Mini, which are cheaper, hatchback versions of the flagship service. Meru launched Genie in Hyderabad in December and subsequently in Bangalore too, which is the first city for Ola Mini. "The idea of Genie is to democratise transportation for every household," says Pahwa. Meru Genie, which is about 20% cheaper than the regular Meru, has 250 cars in Bangalore and 150 in Hyderabad. Ola's Aggarwal notes that margins in Mini are similar to its sedan service though he doesn't specify a number.

Two weeks ago, when Sanjay Huilgol, a Bangalore-based software engineer, had to reach Whitefield from Basavanagudi, a 27-km stretch, by 8.30 am, to take his Test of English as a Foreign Language (TOEFL), he decided to give autorickshaws a miss and booked an Ola Mini on the operator's Android app. "It was really good. I paid Rs 360 and reached on time, without any hassles. It's definitely better than a rickshaw where the drivers are very rude," adds Huilgol.

Other players are watching this development and hatchbacks could very well be fleet companies' ticket to smaller towns. "We want to have about 5,000-6,000 Genies in 20 cities, including Bhopal, Lucknow and Indore, in the next 12-18 months," says Pahwa. The market is also expanding in the other direction, with San Francisco-based aggregator Uber's entry into India last September providing a leg-up to luxury rentals.

Mumbai recently became the fifth city on Uber's network in India (see Slicking up Cab Rides). Most large Indian players have a premium offering, too, but there are still not enough takers. But operators are tapping into more revenue streams. While operators are firming up tie-ups with airlines and travel portals, since the airport segment accounts for 30-50% of an operator's revenues, they are also looking at newer segments like railway stations. Tab Cab now has cars stationed at nine stations in Mumbai.

## **Red Signals**

Despite their new strategies, companies will run into problems as they expand and their fleet gets older. Punebased design consultant Sudhir Sharma, who takes radio cabs frequently during his travels overseas, says the quality of fleet cabs in India has worsened in the past year or so. When he went to Delhi for the Auto Expo recently, he took a Meru from the airport.

"The car was smelling of smoke. It reminded me of the old Ambassador taxis. Other cab services are also bad. They are absolute dabbas," says Sharma, who recently tweeted his gripe about the condition of radio cabs. It's not very

hard to find disgruntled fleet taxi customers on Twitter, which could be a big headache for operators. Moreover, customers are better informed thanks to navigation apps like Google Maps with which they can figure if they are being taken on a detour.

Most operators have ambitious expansion plans. Meru, for instance, intends to put 15,000 more cars on the road which means a total investment of about Rs 900 crore, 15-20% of which will come from Meru, with the rest from driver-owners. Given the nascency and pace of change in the fleet taxi business, the jury is still out on what the most viable business model for operators is, but the next few years will settle that.

## BUSINESS MODELS

### Ownership Model

An operator gets a **radio cab licence and permits** and buys cars




A driver joins by paying nothing or up to ₹10,000, which may be refundable

The driver pays the operator **₹900-1,300** as subscription fee every day or a 20-30% share of his fares



In some cases, the driver is given the option of **owning the car in 2-4 years by contributing to the car's EMI**

### Aggregation/Attached Model

The operator may not get a **radio cab licence and permits** and does not own the fleet

Individual car owners or agencies with **tourist or taxi permits** join the operator's network



They pay the operator **₹400-600** as subscription fee every day or a 20-25% share of fares

Source: Industry

## SLICKING UP CAB RIDES

Few start-ups have attracted as much vitriol as well as adulation in recent times as four-year-old San Franciscobased Uber which has revolutionized intracity travel by allowing customers to book cabs through its iOS or Android app. It avoids the hassle of cash payments by taking the customer's credit card details when he signs up on the app, and also allows fares to be split among people.

Uber's share is about 20% of the fares. It is now present in 83 cities in 32 countries, including five cities in India, and was reportedly set to clock \$1 billion in gross bookings in 2013. All the same, Uber, co-founded by Travis Kalanick and backed by Google Ventures and Amazon's Jeff Bezos, has invited legal trouble from drivers over being unregulated and allegedly stealing their tips. It has also received flak for its 'surge pricing' concept, which leads to a hike in fares in times of high demand.

In India, it launched its services in Bangalore in September 2013 and has since expanded to Chennai, Hyderabad, New Delhi and Mumbai. While globally, it offers economy and premium services, in India it has started off with its luxury offering called Uber Black, with cars like Mercedes-Benz E-Class, Honda Accord and Toyota Corolla. In Bangalore, it charges a minimum fare of Rs 80 plus Rs 18 a kilometre and Rs 2 a minute, subject to a minimum fare of Rs 200. Allen Penn, head of Asia operations at Uber, says: "We may introduce other options for customers based on the response to Uber Black."

While most fleet operators ET Magazine spoke to lauded Uber for its services, Rajiv Vij, CEO of Carzonrent, feels Uber's pricing is not high enough to sustain its premium offering in the long run. As it expands, it is not immune to legal trouble over its unregulated business model, but it is sure to make large cab companies sit up and take notice.

Link: [http://articles.economictimes.indiatimes.com/2014-03-09/news/48029457\\_1\\_meru-cabs-sambhaji-bhosale-meru-driver](http://articles.economictimes.indiatimes.com/2014-03-09/news/48029457_1_meru-cabs-sambhaji-bhosale-meru-driver)

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### Leaving Trouble Behind

In the 13 months since the strike, Meru has not faced any trouble from its drivers which, Pahwa says, is due to a rise in the frequency of Meru's meetings with its drivers. "We now have some engagement activity or the other with them once in two months, while earlier it was just once a year." Pahwa credits these activities with bringing down attrition among its drivers to 10-11% in the past one year compared with about 25% earlier.

What's more, the eight-year-old company has added Jaipur and Ahmedabad to its network since the strike, taking the number of cities it's present in to six, with another three to be added in the next six months. Its fleet comprises sedans like Toyota Etios, Maruti Dzire, Tata Manza and Mahindra Verito.

Meru seems to have turned the corner, if Pahwa is to be believed. The company has been cash flow-positive for the past 18 months and will post its first full-year net profit in 2014-15. The company more than halved its net loss to Rs 31.1 crore in 2012-13 from the year before and grew its operating profit more than eight times to Rs 23 crore, while revenues rose only 9.3% to Rs 176 crore. However, top line growth this fiscal year is expected to be three times as high. The company is looking at customer revenues of Rs 425 crore, a growth of 32%.

ET recently reported that India Value Fund Advisors (IVFA), which has reportedly invested nearly Rs 200 crore since 2006 for a 75% stake in Meru, is looking to divest its stake. Neither Pahwa nor Pramod Kabra, partner, IVFA, commented on the news. When asked why IVFA has stayed invested in Meru, founded by Neeraj Gupta, for eight years, which is unusual for a private equity firm, Kabra said: "Our investment horizon is typically five to seven years. Specifically, in the case of Meru, unlike our other investments, we invested at a fairly early stage. The Meru business model was developed post our investment. Hence, here our investment tenure is longer."



## Taking Different Routes

Meru, New Delhi-based Mega Cabs and Easy Cabs together control about 70% of the Rs 1,200-crore radio cab market, according to Valoriser Consultants. The firm estimated the total number of radio cabs in the industry at 15,000 though some put the figure at 20,000 (see Radio Cab Industry in Numbers). The taxi market in India, in comparison, is about 4,00,000 cabs and has revenues of Rs 11,000 crore.

"Problems like strikes happen when you are establishing a trend. The rest of 2013 was trouble-free for the industry," says Kunal Lalani, managing director of Mega Cabs, which has a fleet of 3,200 cars in seven cities. The industry, as can be expected of a business which is less than a decade-old, is still evolving, with players tinkering with their business models and launching new products.

The genesis of the industry was in the ownership model in which the radio cab operator owns his fleet and the driver pays a subscription fee of Rs 900-1,300 a day or 20-30% of his fares (see Business Models). Companies say a driver, if he does not turn down business and works 26 days a month, should take home Rs 15,000-20,000 a month. About three years ago, companies like Meru started offering drivers the option of owning the car in two to four years by paying the equated monthly instalments (EMIs) for the car in addition to the subscription charge.

After the car becomes the driver's, he can choose to keep it in the operator's network under the 'attached' or aggregator model, where driver-owners pay the operator a similar subscription fee. The aggregator model is fast gaining traction despite some of its inherent problems. About half of Meru's fleet is attached. "In the cities we are in now, we will move to a completely attached model. But in new cities, we will own the fleet initially and then move to the attached model," says Pahwa.

Easy Cabs, which is a part of Carzonrent, has started experimenting with aggregation in Bangalore, with about 300 cars, says Rajiv Vij, CEO of Carzonrent. Among the largest aggregators are Savaari, Ola Cabs and Taxi-ForSure. "Before we came in companies were fleecing drivers. The drivers don't pay anything upfront [to us], it's pay-per-fare," says Bhavish Aggarwal, co-founder and CEO of Ola Cabs, backed by Tiger Global and Matrix Partners, which started operations in late 2010.

## RADIO CAB INDUSTRY IN NUMBERS

**₹1,200 cr**  
ANNUAL REVENUE

**10%**  
GROWTH IN 2013

**70%**  
MARKET SHARE OF MERU,  
MEGA CABS AND EASY CABS

**30-50%**  
SHARE OF REVENUE FROM  
THE AIRPORT SEGMENT

**10%**  
SHARE OF REVENUE  
FROM ADVERTISING

**100-500**  
MINIMUM FLEET SIZE OF A  
COMPANY IN TIER-I CITIES

**5-20**  
MINIMUM FLEET SIZE OF A  
COMPANY IN SMALLER CITIES

Source: Valoriser Consultants

Ola Cabs has run into rough weather legally, with a case pending against it in Mumbai, thanks to it not being a licensed fleet operator. Ola's competitors contend that Ola's services are illegal since it offers point-to-point fares for cars with tourist permits while only cars with taxi permits are allowed to do so.

Regular taxis and radio cabs have their metres calibrated by the local transportation authority and while they are not allowed to charge more, nothing stops them from charging less. For instance, in Mumbai radio cabs have a cap of Rs 27 for the first kilometre and Rs 20 for every subsequent kilometre in the daytime. In comparison, Ola charges Rs 21 a kilometre, subject to a minimum of Rs 150. Ola, which uses an Android device in place of a metre, did not comment on its legal issues. **"Since there is no clear policy, the attached model is a way out of different regulations for operators," says Jaspal Singh of Valoriser Consultants.**



Mumbai is unlike any other city in India in that the radio cab operator licence and taxi permits cost a lot more to obtain. For instance, a radio taxi permit could cost roughly Rs 3 lakh in Mumbai compared to about Rs 10,000 in Bangalore. Moreover, getting a taxi driver's badge is no longer easy since the conditions require, among other things, that the driver be domiciled in Maharashtra for 15 years to be eligible. "Drivers in Mumbai have many options. The day a driver leaves us, Meru calls him, Easy Cabs calls him," says Prasenjeet Bagchi, chief marketing officer of Tab Cab, which operates only in Mumbai with a fleet size of 2,800, all of which it owns.

It has permits for another 1,200. A Meru driver, requesting anonymity, says he gets calls from Tab Cab and other operators everyday, but is not keen on moving since he has been with Meru for four years and owns his car after paying the EMI for two years.

"Whether or not you own the car, what matters is getting fares. Meru has an advantage since it has been around longer in Mumbai," he says. Operators agree that Mumbai is probably the toughest market given the linear geography of the city and the prevalence of black-and-yellow taxis. Circular cities are more optimal for cabs since they can do more fares. "Mumbai is nonprofitable. Fixed costs are much higher and so are the expectations of drivers," says Lalani.

Bagchi believes the attached model may not work in Mumbai given the stringent regulations concerning permits and taxi drivers' badges. "Also, you lose control in the aggregator model when it comes to maintaining the quality of service." But his seems to be a lone voice of dissent in an industry that is warming up to the attached model.

## **Cabs Get Cheaper, Some Pricier**

Another development, which is more recent and could have big implications for the fleet taxi business, is the launch of Meru Genie and Ola Mini, which are cheaper, hatchback versions of the flagship service. Meru launched Genie in Hyderabad in December and subsequently in Bangalore too, which is the first city for Ola Mini. "The idea of Genie is to democratise transportation for every household," says Pahwa. Meru Genie, which is about 20% cheaper than the regular Meru, has 250 cars in Bangalore and 150 in Hyderabad. Ola's Aggarwal notes that margins in Mini are similar to its sedan service though he doesn't specify a number.

Two weeks ago, when Sanjay Huilgol, a Bangalore-based software engineer, had to reach Whitefield from Basavanagudi, a 27-km stretch, by 8.30 am, to take his Test of English as a Foreign Language (TOEFL), he decided to give autorickshaws a miss and booked an Ola Mini on the operator's Android app. "It was really good. I paid Rs 360 and reached on time, without any hassles. It's definitely better than a rickshaw where the drivers are very rude," adds Huilgol.

Other players are watching this development and hatchbacks could very well be fleet companies' ticket to smaller towns. "We want to have about 5,000-6,000 Genies in 20 cities, including Bhopal, Lucknow and Indore, in the next 12-18 months," says Pahwa. The market is also expanding in the other direction, with San Francisco-based aggregator Uber's entry into India last September providing a leg-up to luxury rentals.

Mumbai recently became the fifth city on Uber's network in India (see Slicking up Cab Rides). Most large Indian players have a premium offering, too, but there are still not enough takers. But operators are tapping into more revenue streams. While operators are firming up tie-ups with airlines and travel portals, since the airport segment accounts for 30-50% of an operator's revenues, they are also looking at newer segments like railway stations. Tab Cab now has cars stationed at nine stations in Mumbai.

## **Red Signals**

Despite their new strategies, companies will run into problems as they expand and their fleet gets older. Punebased design consultant Sudhir Sharma, who takes radio cabs frequently during his travels overseas, says the quality of fleet cabs in India has worsened in the past year or so. When he went to Delhi for the Auto Expo recently, he took a Meru from the airport.

"The car was smelling of smoke. It reminded me of the old Ambassador taxis. Other cab services are also bad. They are absolute dabbas," says Sharma, who recently tweeted his gripe about the condition of radio cabs. It's not very

hard to find disgruntled fleet taxi customers on Twitter, which could be a big headache for operators. Moreover, customers are better informed thanks to navigation apps like Google Maps with which they can figure if they are being taken on a detour.

Most operators have ambitious expansion plans. Meru, for instance, intends to put 15,000 more cars on the road which means a total investment of about Rs 900 crore, 15-20% of which will come from Meru, with the rest from driver-owners. Given the nascency and pace of change in the fleet taxi business, the jury is still out on what the most viable business model for operators is, but the next few years will settle that.

## BUSINESS MODELS

### Ownership Model

An operator gets a **radio cab licence and permits** and buys cars



A driver joins by paying nothing or up to ₹10,000, which may be refundable



The driver pays the operator **₹900-1,300** as subscription fee every day or a 20-30% share of his fares



In some cases, the driver is given the option of **owning the car in 2-4 years by contributing to the car's EMI**

### Aggregation/Attached Model

The operator may not get a **radio cab licence and permits** and does not own the fleet

Individual car owners or agencies with **tourist or taxi permits** join the operator's network



They pay the operator **₹400-600** as subscription fee every day or a 20-25% share of fares

Source: Industry

## SLICKING UP CAB RIDES

Few start-ups have attracted as much vitriol as well as adulation in recent times as four-year-old San Franciscobased Uber which has revolutionized intracity travel by allowing customers to book cabs through its iOS or Android app. It avoids the hassle of cash payments by taking the customer's credit card details when he signs up on the app, and also allows fares to be split among people.

Uber's share is about 20% of the fares. It is now present in 83 cities in 32 countries, including five cities in India, and was reportedly set to clock \$1 billion in gross bookings in 2013. All the same, Uber, co-founded by Travis Kalanick and backed by Google Ventures and Amazon's Jeff Bezos, has invited legal trouble from drivers over being unregulated and allegedly stealing their tips. It has also received flak for its 'surge pricing' concept, which leads to a hike in fares in times of high demand.

In India, it launched its services in Bangalore in September 2013 and has since expanded to Chennai, Hyderabad, New Delhi and Mumbai. While globally, it offers economy and premium services, in India it has started off with its luxury offering called Uber Black, with cars like Mercedes-Benz E-Class, Honda Accord and Toyota Corolla. In Bangalore, it charges a minimum fare of Rs 80 plus Rs 18 a kilometre and Rs 2 a minute, subject to a minimum fare of Rs 200. Allen Penn, head of Asia operations at Uber, says: "We may introduce other options for customers based on the response to Uber Black."

While most fleet operators ET Magazine spoke to lauded Uber for its services, Rajiv Vij, CEO of Carzonrent, feels Uber's pricing is not high enough to sustain its premium offering in the long run. As it expands, it is not immune to legal trouble over its unregulated business model, but it is sure to make large cab companies sit up and take notice.

Link: [http://articles.economictimes.indiatimes.com/2014-03-09/news/48029457\\_1\\_meru-cabs-sambhaji-bhosale-meru-driver](http://articles.economictimes.indiatimes.com/2014-03-09/news/48029457_1_meru-cabs-sambhaji-bhosale-meru-driver)

**DREAM SHATTERED:** Loans to pay, drivers keep fingers crossed

# 2,000 Uber Drivers At Crossroads

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**New Delhi:** With the Delhi government's ban on Uber in the capital, uncertainty has hit about 2,000 drivers, who registered with the taxi aggregator including those bought cars under new-age cab companies' programme of turning drivers into entrepreneurs.

Several drivers who worked for Uber said they would be stranded to payback the loans they had taken to buy cars such as the Swift Dzire and Toyota Innova. Uber partnered with lenders like Shriram Finance, AU Financiers and Toyota Financial Services to create vehicle financing programmes with down payments as low as ₹60,000 and faster turn-around time for drivers, as it competed with other cab services to sign-up drivers in the Indian market.

Almost all the vehicles were bought by drivers or aggregators on finance schemes, said a Uber driver, requesting anonymity. At least two Uber taxi drivers ET plied with have recently bought cars on loans from private financiers. "I used to earn about ₹3,500 a day by ferrying Uber customers, a

week before. On Sunday, I did a business of just ₹700," said Vishnu Kumar, a cab driver with Uber for the past two months and whose car is so new that it still has seats covered with polythene. "I pay an EMI of ₹17,500 and am wondering how I will manage that and support my family," said Kumar, who financed his vehicle with a loan from

Mahindra Finance.

**Drivers who financed vehicles like Toyota Innova for use under the premium Uber Black service will be hit the hardest**

Meanwhile, Uber started clearing pending payments and sending out SMSes to drivers in Delhi saying the company won't be shutting down. "Don't take any missteps with rumours floating around. We need to give each other a helping hand," Uber Delhi told its drivers in a blast SMS.

There are about 10,000 drivers who ply with Uber in cities such as Delhi, Mumbai, Kolkata, Hyderabad and Kochi and a nationwide ban, as mullied by the Ministry of Home Affairs, will impact their livelihood. Another Uber driver told ET they

will have no option but to attach themselves back with private taxi stands and be left at the mercy of other private operators.

"With Uber, we used to get bookings within five minutes of opening the app. Our dreams to become entrepreneurs seem shattered," said Nirmal Singh, a UberX driver for the past one year.

Drivers who financed vehicles like Toyota Innova for use under the premium Uber Black service will be hit the hardest because the price of the vehicle is higher. "Uber was plying diesel vehicles as city taxis in Delhi, which is not allowed. This was another violation the US company will have to answer," said a member of the Radio Taxi Association of India, requesting anonymity. Only CNG-powered vehicles are allowed to operate as city taxis in the capital.

Due to shortage of drivers holding a public service badge to operate city taxis, these companies went ahead with registering tourist cabs, said Jaspal Singh, cofounder of Valoriser Consultants. "Not getting regulated has made Uber fall into an unlimited liability zone," Singh said.

# Uber Partners with Carmakers, Lenders to Help Out Cab Drivers

## Moolah Ride

- Drivers will need to be active partners on its platform
- Rival Ola and Meru are helping drivers get cheaper rates on new cars and insurance for last two years
- Such moves help taxi services companies engage more drivers quickly, create loyal partners

Drivers interested in partnering with Uber can buy vehicles with a down payment of ₹60,000 and at subsidised rates and financing terms



By removing barriers to owning a car and providing affordable financing and approvals in a speedy manner, we anticipate to create thousands of jobs in India

ALLEN PENN Head of Asian Ops, Uber

**STEERING AHEAD** Company ties up with M&M, Maruti, Tata Motors, Toyota and financiers to fund drivers in buying cars

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**Bengaluru:** Taxi hailing app Uber is partnering with financial services firms and automobile manufacturers to launch a vehicle financing program for Indian cab drivers, intensifying competition in the taxi services aggregation market where its rivals already offer such schemes.

Uber has partnered with lending companies including AU Financiers, Shriram Transport Finance and Toyota Financial Services, as well as automobile manufacturers like Mahindra, Maruti Suzuki, Tata Motors and Toyota.

"With this programme drivers can own their own car in just a couple of days," said Allen Penn who heads the Asian operations at Uber. "By removing barriers to owning a car and providing affordable financing and approvals in a speedy manner, we anticipate to create thousands of jobs in India."

Drivers interested in partnering with Uber can purchase vehicles with a down payment of as low as Rs 60,000 and at subsidised interest rates and financing terms. Uber said the drivers will need to be active partners on its platform with no other clauses attached to the scheme. "The drivers will continue to function as entrepreneurs and flexibility of working hours will

continue," said Penn.

Companies like Uber do not operate their own taxis but provide the technology platform that links taxi owners with passengers. "Since Uber ensures enough business to these drivers so that their vehicles are fully utilized, we are assured of our EMI payments," said Umesh Revankar, CEO, Shriram Transport Finance.

However, Uber is not the first aggregator to make this move in India. Rival Ola and radio-taxi operator Meru have been actively helping drivers get cheaper rates on new

cars and insurance since the last two years.

"We foster micro-entrepreneurship amongst drivers and over two-thirds of our drivers are owners of their cars," said Pranay Jivrajka, vice president of operations at Ola. The aggregator, which bagged \$210 million in funding led by Japan's SoftBank last month has set aside ₹100 crore this financial year to foster entrepreneurship at the driver level. Ola claims its has helped more than 10,000 drivers in its network own their cars since it began a scheme for them two years back.

"The key motive behind the move is to bring loyal drivers under the fold," said Jaspal Singh, co-founder of Valoriser Consultants, which

provides market research services for transportation companies. "This will surely help the ecosystem as some of the drivers are not eligible for a loan directly," he added.

Uber provides several incentives including minimum income guarantee for certain hours, reference bonus and incentive per trip to lure drivers to clock in more hours.

"Long term strategy is to expand the market size by constantly increasing supply of good quality drivers. This is the major challenge for all aggregators," Singh said.

At Meru, in addition to getting best prices on cars, drivers also get subsidised insurance rates and special discounts with dealers on spare parts.

# How new startups like LiftO, Shuttl, rBus are trying to solve urban commuting problem

By [Rahul Sachitanand](#), ET Bureau | 11 Oct, 2015, 07:18AM IST

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As a banker working in south Mumbai — Nariman Point and then Lower Parel — Nikhil Agarwal suffered the pains of the city's chaotic public transport system for nine years. Trains operating well beyond their capacity, a limited taxi service and a crumbling bus network trying to support an ever-growing metropolis were sure signs that something had to be done to try to ease the commute of citizens not just in the commercial capital but across the country.

State-sponsored mass transit systems couldn't keep pace, private enterprise hadn't done enough, and dated regulations have not allowed it to do enough to try to fill the breach. Private car ownership had exploded and the surge of taxi aggregators such as Ola (in 102 cities with 20,000 vehicles on its platform) and Uber (which recently announced a \$1-billion investment to expand in India) provided the foundation for Agarwal to launch LiftO, a ridesharing venture in Mumbai.

LiftO joins a raft of other startups trying to solve India's worsening issues with urban transport and daily commutes. Existing public infrastructure — including newer options such as the Delhi Metro which ferries three million passengers — are woefully inadequate for India's working population.

The explosive growth of newer options such as Uber and Ola shows there is a massive need for public transport options, and private enterprise is looking to fill the breach left by state-sponsored infrastructure.

"There are eight lakh private cars in Mumbai...90% of these vehicles are single occupancy,"



The shifting trends in urban mobility are perhaps best seen in the moves of Ola. For India's harassed commuters, this explosion of options couldn't have come sooner.

## Editor's Pick

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**Focus:** Building an affordable office shuttle service, with prices pegged between buses and taxi aggregators

**Status and plans:** 10,000 rides a day in NCR, with plans to hit 1,00,000 in eight to 10 months

**"A bus is the safest and most cost-efficient way of moving people around cities and we have added a layer of technology and analytics to what used to be a disorganised space"**

says Agarwal. "Affordable smartphones, improved mobile data connectivity and GPS have allowed us to build new solutions to solve an old problem." Analysts say that startups may play a pivotal role in easing this commuting ache.

"Enterprises can play a key role in connecting the dots," says Jyot Chadha, head of urban innovation at World Resources Institute's EMBARQ India, a programme for implementation of sustainable urban transport

and planning solutions. "They have the skillset to work at the 'hyperlocal' level and can leverage changing technology at a pace that is challenging for government to do."

Rather than compete with the government, Chadha believes that these ventures will work alongside public transport and see themselves as part of an integrated transport system. "We are seeing the emergence of disruptive models in four key areas: mobility-on-demand, commuter experience, product innovation and connected mobility," she adds.

If Uber and Ola connected drivers to passengers on their platforms, LiftO's nascent business wants to connect passengers to each other directly and build a ridesharing network. In a short time, Agarwal is thinking big — he wants his fledgling business to first expand across Mumbai, and then to Bengaluru and the National Capital Region.

Ridesharing may be only one way to escape the daily traffic bottleneck. Other entrepreneurs offer their own innovations to try to break the

gridlock. For example, Sequoia Capital-backed [Shuttl](#) wants to build a transport option that fits between the bottom of the public transport pyramid (trains and buses at as little as Rs 2 per km) and the top (cabs for over Rs 8 a km).



**Nikhil Agarwal and Vikesh Agarwal**  
cofounders, LiftO  
Founded in: August 2015

“Affordable smartphones, improved mobile data connectivity and GPS have allowed us to build new solutions to solve an old problem”  
Nikhil Agarwal

**Focus:** Ridesharing  
**Status and plans:** Around 3,000 downloads, with 300-350 users added daily, wants to expand beyond Powai in Mumbai (and a few adjacent neighbourhoods) to cover the entire city in the next 12 months

The venture, which started as an inter-city transport idea, pivoted to tackling intra-city commutes in April this year. "There's a huge gap and an opportunity to build a product for people who can't afford cabs and don't want the hassle of a train or bus," contends Amit Singh, chief executive and cofounder of Shuttl.

"A bus is the safest and most cost-efficient way of moving people around cities and we have added a layer of technology and analytics to what used to be a disorganised space."



**Siddharth Sharma**  
cofounder, rBus  
Founded in: February 2015  
**Focus:** Bus aggregation  
**Status and plans:** 20 BUSES, done 600 rides till date, will have 40 buses by end of October

### Technically Speaking

Technology allows companies like LiftO and Shuttl to do much more. Another startup that is trying to leverage a similar set of improvements is Trevo, which also wants to wade into the chaotic market for buses and mini buses to ease the burden of [urban commuting](#). "There are around 1.5 million private buses operating today, largely contracted to companies and schools, which are used for barely four hours in a day," says Mayank Jain, cofounder of Trevo. "We want to aggregate these private buses and provide incentives for drivers and other staff by improving planning (routes frequency and stops) on their services."

The rot in the system is clear to see — in Delhi the state-run [DTC](#) had a capital loss of just below \$1 billion a couple of years ago and there are few signs things have improved. Trevo wants to provide a cheap option (Rs 5 a km, which though affordable is slightly higher than Rs 3.5 charged by Bangalore Metropolitan

Transport Corporation) as well as add-ons such as wireless internet access, phone chargers and on-demand entertainment to commuters.

While the cofounders of the Gurgaon-headquartered Trevo have done the hard yards before launching their venture (meeting with 200-plus commuters and 50 operators), the business has made only the slightest dent in the transport network — 30 buses and 1,500 rides to date.

Meanwhile in Mumbai, serial entrepreneur Siddharth Sharma is working on a community-driven crowdsourced transit network with his latest venture rBus. "We are trying to build a personalised mass transit system," he says. The startup, since July this year, has added 20 buses to its platform, completed 600 rides and wants to push more people from spending time in their cars to using more efficient buses.

"One bus can account for 40 cars...it is the most efficient form of transport on the roads," adds Sharma. According to Sharma, the market for buses can be exponentially larger than today and operators can earn 35-40% more incremental revenue by using the rBus platform.

"The grimly opaque market for buses is slowly becoming more transparent," he contends.

Part of the challenge for these entrepreneurs may be changing hard-set consumer mindsets. For example, car ownership has been historically an emotional one tied to saving for years and buying a personal vehicle. However, founders of self-drive startups want to break what they call a bad habit — owning a depreciating asset and paying regular fuel, insurance and maintenance bills.



**Mayank Jain** founder, Trevo  
Founded in: August 2015

**Focus:** Bus aggregation platform

**Status and plans:** Claims to have undertaken 1,500 rides, with plans to grow 30-40% every month

"We want to aggregate private buses and provide incentives for drivers and other staff by improving planning (routes frequency and stops) on their services"

"People under the age of 35 don't want to own a car," contends Greg Moran, a New Yorker who has spent the better part of the last three years building his self-drive venture Zoomcar. "There are over 3,000 self-drive cars in India compared to 1,80,000 in China... this space is the next big wave in urban commuting." Zoomcar has 2,100 cars and expects this to increase to 10,000-15,000 in the next two or three years.



**Greg Moran** cofounder, Zoomcar  
Founded in: February 2013

**Focus:** Self drive

**Status and plans:** Claims to be largest in self-drive segment, with 2,100 cars in six locations, wants to have up to 15,000 cars in two or three years


"People under the age of 35 don't want to own a car"

All the technology in the world can't help companies, however, deal with India's regulatory haze. If heavyweights such as Uber and Ola have been in a running battle with lawmakers over the legality of their services, others such as HeyTaxi, which aimed to offer bike-based ridesharing services, and Zip-Go, in Bengaluru, discovered they were skating on thin ice.

In July this year, HeyTaxi was forced to suspend its services between Dadar and Colaba in south Mumbai by the city's Transport

Commissioner for running afoul of motor vehicle norms.

In Bengaluru, meanwhile, ZipGo saw its services halted on similar grounds. Experts think this needs to change. "Regulatory reform is critical," argues Chadha. "Our focus must shift from licences and permits to a discussion on the service-level benchmarks we want."



*"Train tickets are unavailable or unaffordable and buses are uncomfortable... We make the trip more affordable by splitting costs"*  
Raghav Gupta, country head, BlaBlaCar

**BlaBlaCar,**  
A long-distance ridesharing company  
Founded in: December 2006  
Best known as: European rideshare provider which raised \$200 million in a series D round of funding in September 2015  
Status: Has been building its India business since early 2015, but with a claimed user base of 20 million across 17 countries, could be a heavy hitter in a country shy of sharing space in private vehicles

Across the board, company executives say that regulation is in flux in this fast-evolving market. "Regulation is two or three decades old and outdated for such a fast-changing market," says Jain of Trevo. "The government is keen to find a way to ease traffic congestion, but regulation needs to keep pace."

#### Other Bottlenecks

A fluid regulatory environment isn't the only challenge. Even as they look to scale their ventures, they are keeping a wary eye on larger operators making a beeline for their niches.

For example, in the self-drive market, Zoomcar is seeing increased competition from the likes of Myles (from Carzonrent, a company best known for managing corporate car fleets and [Easy-Cabs](#), the metered cab service), while in the ridesharing space, the likes of [BlaBlaCar](#) are wading into the Indian market.

For the past 10 months, Raghav Gupta has proselytised longdistance ridesharing, snaring customers in towns as distant as Moga in Punjab. In a country with limited inter-city connections, BlaBlaCar wants to be a viable alternative.

"Train tickets are either not easily available or unaffordable and buses are uncomfortable," says Gupta, the country head for BlaBlaCar India. "We also make the trip more affordable by splitting costs."

Elsewhere, especially in Europe, BlaBlaCar provides a far cheaper alternative to trains and buses, since dynamic pricing applies — London to Manchester can cost as much as £80 by train, while a BlaBlaCar seat costs £15.

Such elastic pricing, though, isn't available in India, since train prices are fixed. Instead, BlaBlaCar wants to focus on being a reliable alternative to trains and buses.

While the firm is yet to monetise its India business, it has built some traction, with routes such as Delhi-Chandigarh-Delhi and Mumbai-Pune-Mumbai already having 400 to 500 cars operational. "We have seen people use our cars from 700 different locations in India as we improve connectivity to the hinterland," adds Gupta.

Elsewhere Carzonrent made its first fresh foray with Myles, its self-drive business in November 2013. It today has 1,200 cars in 21 cities. Then, it acquired ridesharing startup [Ridingo](#) in April this year to expand its range of businesses.

"Ridesharing is a natural progression of the self-drive business," argues Sakshi Vij, chief executive and cofounder, Myles. "We would like to break the existing relationship between Indian consumers and their cars."

Vij believes this market is set to explode and larger players with deeper pockets and better technology will thrive. The Myles business is growing at 35-40% a month and by 2016 should have a fleet of 5,000 cars.

In the next four years, the selfdrive market is expected to grow exponentially to 2,00,000 cars, with Myles expected to account for 50,000 of them.



In parallel, she wants to grow her rideshare business from a few corporate pilots to a full-fledged service. "We want to eliminate the need for an individual to buy a car and instead provide the same ownership experience, at a lower cost, with a rented vehicle," Vij adds.

The shifting trends in urban mobility are perhaps best seen in the moves of Ola, which began life as Olacabs, but has since looked to build a broader business around moving a billionplus Indians about. It now wants to be a key player in the recast of the urban commute.

"We want to be the first choice for a billion Indians," says Anand Subramanian, a senior director with Ola. "We will continue to build out our taxi aggregation business, but we are also interested in shuttle services between stations and homes and larger commuting options for consumers."

The company is already piloting some shuttle services programmes in Bengaluru and the NCR, and says it will launch a full-fledged service in the coming months. For India's harassed commuters, this explosion of options couldn't have come sooner.

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Drivers earn more, riders pay less... City commuting was never this convenient. Why the ban then, ask users and investors

## 5 Reasons Why This Ban May Not be a Good Idea

### 1 DOES NOT MAKE CITIES SAFER FOR WOMEN

Services like Uber, Ola and TaxiForSure if mandated to have only police-verified drivers with photo-identity and GPS, can offer a safer service. "Is the govt ensuring my safety in an auto, bus, private taxi or walking? Banning these companies just makes my travel more unsafe. It's not the solution," said Shradha Patnaik (24), communications manager, Gurgaon

### 2 SPOOKS INVESTORS

In 2014 alone, taxi aggregators including Ola and TaxiForSure raised funding of over \$250 m (₹1,540 crore) from investors like SoftBank, Tiger Global, Accel US, Helion Partners, Sequoia. "Cab aggregation is one of the hottest investment areas. If irrational steps like banning companies are taken, investors will think twice before investing in any sector in India again," said an investor

### 3 FARES HAVE DROPPED

Competition in taxi industry has led to a drop in fares. Ola has cut fares to ₹2.50 per km for its mini range. At the same time, TaxiForSure reduced its base fare to ₹49 to attract more customers. Meru cabs now charges ₹10 per km for its low-cost segment

Aditi Shrivastava, Biswarup Gooptu & Madhav Chanchani

**Bengaluru | New Delhi:** The government's response to the alleged rape of a woman in an Uber cab has been dramatic, some would say typically ham-handed. Many, including at least one Cabinet minister, think the move to ban taxi aggregators doesn't address the main issue - safety of women, and not necessarily the legality or otherwise of such services.

The taxi business has been transformed over the past few years, starting with radio taxi operators such as Meru, Tab Cabs and Megacabs that began as fleet owners employing drivers. They then moved to a subscription fee system, where drivers need to pay a fixed amount each day. On the other hand, the aggregators work on a commission-based model.

"Our response has always been to stop things. So, are we now saying that the state can no longer provide security, but private establishments are the ones that have to?" said Rehan yar Khan, managing partner of Orios Venture Partners, and an existing investor in aggregator Olacabs.

"This is what happened in the eBay case many years ago. There was a new technology, which no one understood. Why are we passing on the buck to private establishments?" he said.

Cab drivers are keen on signing up with aggregators. "The drivers are happy with the new system as it is transparent and they get bookings based on their nearest location," said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research for transportation services. The Delhi government's attempt to participate in the system did not succeed.

"In the last seven years, just 14 companies have registered and of that eight have shut as they failed to induct 500 cabs," Singh said. According to the Delhi Transport Department, there are about 4,400 cars in the national capital, which experts say is too small a number to serve a 25 million population.

The aggregators found a market ready to be tapped, with apps that made things much easier for users.

"I rely on my Uber and Ola taxi apps to book cabs everyday - to work, parties, chores everything. They are much more convenient and cheaper than radio taxis," said a user in Mumbai. A Delhi-based lawyer said that in terms of price, quality and customer service, the taxi-hailing apps have done a much better job than traditional radio taxi companies - newer cars, faster response times and easier payment methods.

The critical flaw was, of course, safety.

"In theory, a company like Uber should be safer for the consumer than options like autos and regular tax-

### BLINKERED APPROACH

Our response has always been to stop things. So, are we now saying that the state can no longer provide security, but private cos are the ones that have to

REHAN YAR KHAN,

Managing partner of Orios Venture Partners

is since you know the exact driver who will pick you up and their photo," said Kartik Hosanagar, professor of commerce at The Wharton School of Business.

Now that this has proven illusory, what could be the solution? Industry experts don't make much of a ban, they say a stricter regulatory framework needs to be in place. That and better use of technology.

"Additional technologies such as dashboard cameras may be needed to instil security among passengers, especially women," said Sunil Wattal, professor at Temple University, US. "The government, on its part, should mandate these measures for all cab operators." Singh of Valoriser said entering a destination should be made mandatory.

"The system will capture the information to create a route plan. In case of any unauthorised deviation, the system should generate an alert, and the call centre executive should call the driver to check this deviation," he said, adding that there should also be a feature for riders to share trip details with a trusted person for additional security, a feature that some aggregators and radio taxi services already offer.

Cab companies should also collaborate to build a database of blacklisted drivers. "It would create fear in the mind of drivers losing employment permanently if they indulge in any unlawful activities. It would also help companies to hire only good drivers," said Singh.

To be sure, the aggregators need to shoulder their share of the responsibility for the current situation. As innovators, they should have sought to make sure that the regulatory system was updated in lockstep.

"They never tried to approach the government to recognise the service. They assumed that things will never go wrong and it is good to have no law. This approach was very incorrect," said Singh.

This global strategy, which the company seemed to uphold as a virtue, is perhaps one reason why Uber is facing the ferocity of local administrations all over the world now. It can't be denied that this also allowed it to expand at a phenomenal rate, earning a valuation of as much as \$40 billion. But now the company is facing court cases, investigations and bans in Germany; the

Netherlands, the US, Brazil, Thailand, Canada and India.

Uber has said it will appeal against the ban imposed by the Delhi government. It has to - India has become its leading market outside North America. The country offers massive potential for online and mobile-based ride-hailing ventures and the market is currently valued by the industry at about \$14 billion. There's no doubt that the aggregators have met a badly felt need.

"Fundamentally we have been slow to modernize public taxis. Cab aggregators like Uber, Ola and TaxiForSure are disruptive in being able to enable a quantum leap in services that is available to public," said Prahlad Tanwar, director of transport and logistics at KPMG.

With such apps opening up the market, technology enabled ride-sharing or car-pooling services are entering India. ZoomCar, which got Rs 48 crore from Sequoia Capital, allows users to rent cars by the hour or day. Another startup that entered the country is Rocket Internet-backed ride-sharing service Tripda, which allows passengers to car pool over long-distance.

"There is a lot of excitement around how technology apps can help in aggregation of freight or cargo. This has been a long-standing issue in India - of there not being a common platform or a fleet exchange," said Tanwar.

Some experts hope that once emotions settle down, the government takes a more considered view. "Hopefully, better sense will eventually prevail and they will take a more holistic look at the situation," said a venture capital investor with a portfolio company in the space.

### BEING SAFER COUNTS

Uber should be safer than autos and regular taxis since you know the exact driver who will pick you up

KARTIK HOSANAGAR,

Professor, The Wharton School of Business

### 4 TAXI-AGGREGATION COMPANIES OFFER VEHICLE FINANCING AND MINIMUM GUARANTEE OF BUSINESS FOR DRIVERS

Thousands of drivers have taken loans to get on to the Ola, Uber or TaxiForSure platform and depend on business from the aggregators. "I have enrolled at least 10 people from my village to Ola and Uber platform. They all have five-year loans. No one is thinking of what will happen to them," said Nagaraj, a Bengaluru-based Uber driver.

### 5 INDIA STILL DOES NOT HAVE GOOD PUBLIC TRANSPORT SYSTEM

Only 60 Indian cities has organized public bus services. Metro System is running in just 4 cities - Delhi, Mumbai, Bangalore and Gurgaon. Jaspal Singh, cofounder of Valoriser Consultants, said "Can you imagine that state like Punjab with a population of 5 crore does not have an organized bus system in any of its cities?"



# End of Experiment? Uber Gets Off Autos in Delhi

**Our Bureau**

**Bengaluru:** On-demand transportation app Uber has suspended its auto rickshaw hailing service in Delhi, seven months after the launch.

Uber introduced uberAUTO in April with about 5,000 registered vehicles.

"uberAUTO was an experiment," the company said in an official statement. "We are temporarily removing this product to solve specific problems that need to be resolved to help it scale."

Rival Ola, which launched autos in November last year, continues to offer the option on its app. Ola offers autos in six cities and plans to expand to three more cities by the end of the year.

One key differentiator between Ola and uberAUTO was that Uber riders were not asked to enter their end location before booking a ride unlike Ola.

Experts say one reason to stop services may be that there is no licence in this space. Auto permit is issued to individual only. Till date, the government has not created

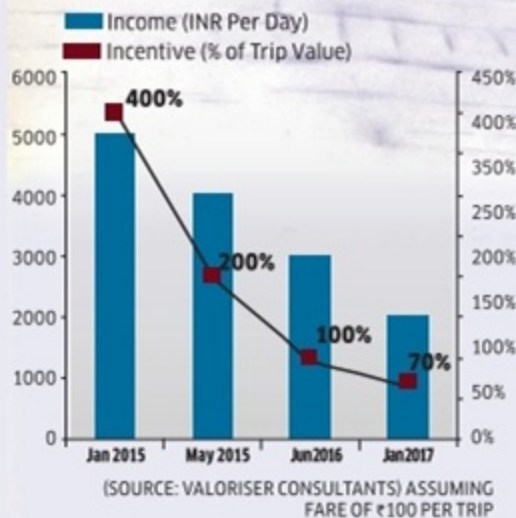
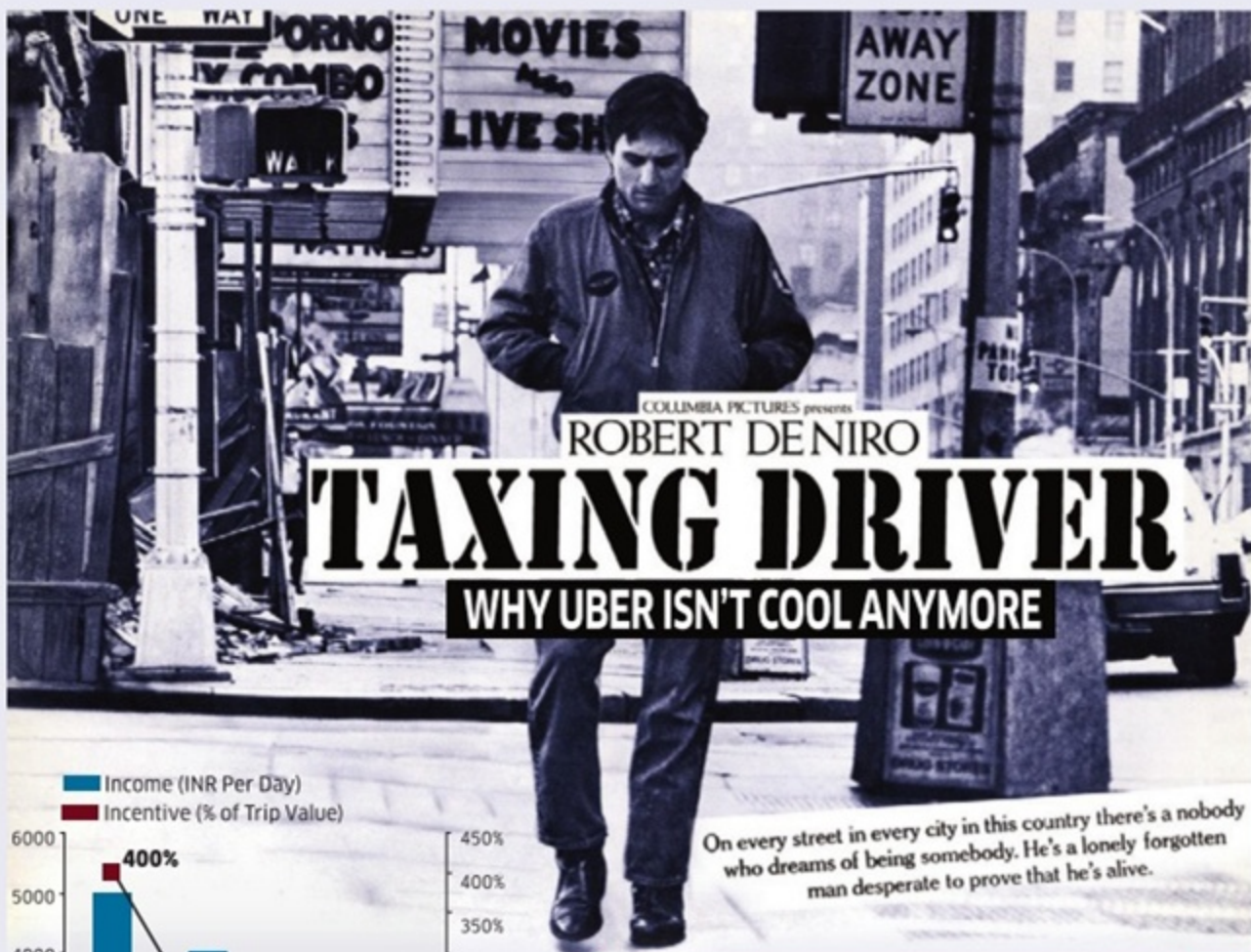


any policy for fleet ownership or giving licence to corporate to operate this sector.

"The problem in this sector is the restriction about number of auto rickshaws permit. Like in Delhi, there was restriction for only 100,000 auto permits. This has created a big grey market for auto permits. In some of the cities, the cost of auto permit is equal to cost of the vehicle," explained Jaspal Singh, founder of transportation advisory Valoriser Consultants.

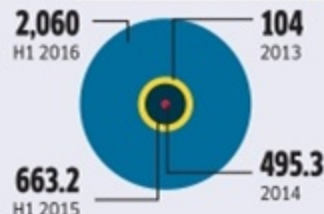
Apart from that, other problems faced by aggregators include dealing with training driver fleet and spending on marketing and customer acquisition without any significant upside in pricing.

It was not uncommon for drivers registered on the network of ride hailing apps like Uber and Ola to earn an average of upto ₹1 lakh per month. As these companies fought for market share they wooed drivers with incentives. That now looks set to be a thing of the past, as cab aggregators begin to tighten their purse strings. Uber started the year by increasing fares in Delhi and has now followed it up with a new incentive structure for drivers, announced on Tuesday. Under the new structure, incentives will be paid on each trip and not on the number of rides or total earnings per day. These incentives will be around 50-70% of the ride fare. In addition, drivers will need to do 34 trips a week to get ₹1,000, or 44 trips a week to get ₹2,000 as additional bonus. This has reduced earnings from incentives for Uber drivers steeply according to data gathered by urban transportation consulting firm Valoriser Consultants (see graphic). "The company will also deduct their commission and service tax so the effective incentive will be just 25%-45%," said Valoriser's Jaspal Singh.



**Global Net Revenue of Uber as of 1st Half of 2016**  
(In million US dollars)

This statistic presents the global net revenue of Uber as of the first half of 2016. During the most recently measured period, the mobile transportation network company generated net revenues of 2.06 billion US dollars worldwide



**Uber's Stiff Asian Competition**  
Uber's global dominance is challenged in Asia, where other ride or taxi hailing apps have an edge

# Road to Riches is Paved with Low-cost Choices. Ask Uber

Aditi.Shrivastava1  
@timesgroup.com

**Bengaluru:** Uber and Ola are opening a new front in their ongoing battle for leadership in India's cab aggregation business with specific services that target the value-conscious consumer.

Uber aims to invest further in low-cost riding options like carpooling, bike taxis and auto rickshaw services to snag a wider swathe of consumers and take the battle to Ola. Last week, Ola launched its cheapest taxi-hailing service—OlaMicro—and claims the new product is its most popular yet.

"We want to make transportation available for everyone and cabs may not always be the most affordable option for all segments," said Amit Jain, VP, Uber India.

Pricing is proving to be the most intensely fought battle for cab aggregators, in their hunt for more passengers. In addition these companies are also facing regulatory pressure on a commonly used tool—surge pricing—where cost of a cab ride increases during peak hours. Last week, the Karnataka state government said it would not allow



RENE MAGRITTE, La Colère des Dieux

surge pricing for app-based ride-hailing services.

The fare and other charges cannot be higher than the fare fixed by the government from time to time, according to the new policy. Uber has in the last two years focused more

on providing low-cost ride options.

Ola's Micro service offers air conditioned cab rides at ₹6 per kilometre, in a bid to attract those who haven't taken a cab ride before.

"(It) will be the most pocket friendly mode of intra-city cab travel," sa-

id Pranay Jivrajka, Chief Operating Officer at Ola.

Experts are of the view that the demand for taxis is slowing down, if not flattening, which is the reason why taxi app companies have to increase the customer base for other products. "In order to tap customers who use public transport, there is a need to give economical and faster option for shorter distances," said Jaspal Singh, founder of transportation consulting firm Valoriser Consultants.

Uber, which launched a bike taxi service in March, is now "assessing how two-wheelers can be the right answer for short-distance trips particularly those that help provide last mile connectivity", said Jain.

And in several cities, the company no longer offers luxury sedans for its premium service but has replaced it with large-size vehicles like the Mahindra SUV and XL indicating a larger vehicle by size and not by the experience itself.

Before the launch of any low-cost category, Uber's Jain said the firm makes some key changes to its app to drive adoption. "We expect this (auto) segment to be large on cash payment and hence that will be available right from launch," he said.

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**THE TIMES OF INDIA**

# Discontent rises amongst Uber drivers in India against its global policies

Harsimran Julka &amp; Aditi Shrivastava, ET Bureau | Sep 3, 2014, 09:10 PM IST



*Indian cabbies who ferry passengers for taxi hailing app Uber are finding that it is not easy to air grievances and seek redressal from the company at all times.*

Indian cabbies who ferry passengers for taxi hailing app Uber are finding that it is not easy to air grievances and seek redressal from the company at all times, every day as the San Francisco-based startup does not offer a round-the-clock helpdesk for drivers.

While this is a problem unique to Uber, it is not the only one to earn the ire of drivers as Indian taxi services firms battle the pangs of growth in a fiercely competitive market. Taxi rental firm Meru Cabs has faced strikes by the drivers while drivers on networks like Ola Cabs drivers complain of last minute cancellations impacting their earnings.

"We've been told to call only on a Friday between 5-6 pm to get our concerns addressed. I've never been able to get through to the (Uber) manager between those hours," said a Delhi-based driver on condition of anonymity. While the company has shared the mobile numbers of all three people in-charge of Uber's operations in his city, "nobody picks our call," said the driver.

A spokesman for Uber said as the company operates as a technology platform, communication through emails and the mobile app are the major options.

"Our drivers are entrepreneurs who run their own businesses with no reporting structure to Uber hence there is lesser need to be in constant touch," said Gagan Bhatia, a general manager at the Uber office in Delhi. To resolve driver issues, Uber has started a practice of calling them to its offices. "We have office (customer service) hours every weekday, and every alternate weekend. For instance, this Saturday, 83 drivers showed up," said Bhatia.

Experts are of the view that drivers who are now required to be technology — savvy and wield smartphones loaded with messaging applications are finding it difficult to cope.

"Most cab companies are looking to convert an unorganized sector into an organised one, these drivers do not have prior experience of dealing with corporate clients," said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research services for transportation companies.

"These (taxi) companies send some of their good drivers to foreign countries on exchange programmes. This will help to create trainers to train other drivers in India," he said.

In recent years, a host of venture funded taxi-service aggregators including Uber and India-based companies like Ola Cabs and Taxi ForSure have been aggressive in growing their services.

While the Indian firms offer a 24-hour call centre for drivers they have to contend with other issues raised by the drivers. "Whenever there is a problem, companies end up favouring a customer than us. Last minute cancellations hurt us badly," said a Bangalore-based OlaCabs driver on condition of anonymity. To solve this Ola Cabs has come out with a policy to allot a booking to a driver only within 25 minutes of driving time. "This has minimized driver's losses in case bookings get cancelled," said a spokesman for OlaCabs.

Several drivers that ET spoke to also seemed peeved with Uber's seven-day payment cycle now being delayed to over two weeks. "As passengers leave without paying cash unlike in other rental companies, we have to rely on the long credit cycles of Uber, to manage our livelihood," a Noida-based driver told ET. "We have to buy fuel, pay toll, parking and municipal taxes daily to keep the cabs plying," he said.

16 TIMES POINTS EARNED

Uber executives said the company will scale up teams to handle operational issues but cash will not be a mode of payment.

Rivals believe this can stymie Uber's growth in India. "Drivers love cash here and they inherently need to talk on the phone. Without these two basic functions you cannot scale in the Indian market," said Aprameya Radhakrishnan, cofounder of TaxiForSure.

Investors believe there is room for more innovation in the taxi services market as consumer behaviour continues to evolve. "It's important that consumers are provided with a variety of cab booking, car category and payment options," said Tarun Davda, vice president at Matrix Partners and a board observer at OlaCabs, which has over 10,000 cabs registered under it.

(Some Uber driver names are changed to protect identity)

Additional Reporting from Varun Aggarwal in Bangalore

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## UberX: Taxi service app to take on radio cab operators like Meru, Ola in India



Arjun Agarwal, a Delhi-based entrepreneur, is an Uber "customer for good" by his own admission and the on-demand car ride service has not even been in the city all that long, just about nine months. "I love their technology, the slickness of their app. The best part is the payment automatically gets taken care of with my card details stored in their app. It doesn't feel like you have hired a car when you get off," says Agarwal.

San Francisco-based Uber Technologies, founded by Travis Kalanick and Garrett Camp, is banking on converts like Agarwal to find a foothold in India's highly competitive organized cab market. The five-year-old technology company has been upending the taxi business — and earning the wrath of taxi unions and regulators — across the world. It is already present in 142 cities in 40 countries. It has so far raised \$1.5 billion, including from Goldman Sachs and Google Ventures, and was recently valued at a staggering \$18.2 billion. Uber connects those looking for a ride and drivers with a simple mobile app and bills the rider's credit card at the end of the ride (see The Uber Experience). It bypasses several features of traditional radio cabs like making a phone call to book a cab and paying cash, and allows you to split the fare with your friends.

### 'Premium' Entry

While Uber ventured into India with its high-end UberBlack service — it is now available in Bangalore, Mumbai, New Delhi, Chennai, Hyderabad and Pune — last October, what will determine its future in India is its more affordable offering, UberX, which it launched in Bangalore, New Delhi and Hyderabad earlier this month. Cheaper than Uber-Black by a third, UberX will take on well entrenched radio cab operators like Meru, Easy and Ola. **"Uber is looking to be a game-changer and with their financial strength, they will innovate constantly," says Jaspal Singh of Valoriser Consultants.**

India's importance to Uber, whose revenues in 2013 were tipped to be about \$220 million, can be gleaned from the fact that it is present in not more than four cities in any other country besides the US. UberBlack in India has cars like Mercedes-Benz E-Class, Honda Accord and Toyota Innova, and UberX has the likes of Maruti Swift Dzire and Ford Fiesta. Allen Penn, head of Asia operations at Uber, does not divulge specifics about its plans for India and just says it continues to "expand aggressively" and is "hiring across the country".

Kunal Lalani, managing director of Mega Cabs, believes that in the long term Uber will compel its competitors to change their strategy. Most fleet cab operators follow either the ownership model or the aggregation model or a mix of both. In the ownership model, the company, which has a radio cab licence, owns the cars and charges the driver a subscription fee or a share of his fares; in the aggregation model, too, the driver does the



same, except that the cars, which do not have a taxi licence, are owned by drivers themselves or agencies which attach the cars to the operator's network. Uber, an aggregator, charges 20%. While the likes of Meru and Mega started out with ownership and moved into aggregation, Ola Cabs is a pure aggregator like Uber which, unlike Ola, has no branding on its cars.

## The Uber Experience


**Hitesh Raj Bhagat** walks you through the basics of the Uber cab service and his experience of taking a ride on Uber in New Delhi

### How It Works

- A new user with Uber has to download the app (for iPhones and Android phones) and register his credit card. Thereafter, the app automatically picks up your location and shows it to you on a map.
- The app needs a working 3G data plan and a GPS-enabled phone to work properly. If it doesn't get a proper location or data connection, it does not start up.
- A simple slider switches between the premium UberBlack (Mercedes, Honda Accord) and the low-cost UberX (Swift Dzire, Etios).
- You request a cab on the app and can see the location of the car on the map as it reaches you.
- You are given the driver's name, photo, mobile number, car type and number and the expected time of arrival.
- The driver is given an iPhone with the Uber app which he uses to start and end the trip
- At the end of the trip a receipt is emailed to you;

### The App

- The app is well-designed and easy to use. More importantly, you can register in New Delhi with your Indian credit card but use the service in Mumbai, Bangalore and New York without altering anything.
- Since you have a user name and password, you can even download the app on an additional phone and use it – without having to re-enter payment information.
- The app allows to split the fare with your friends, if necessary.



**The fare breakdown for Delhi is as follows:**

	UberBlack	UberX
Base Fare (₹)	90	50
Cost per KM travelled (₹)	25	15
Cost per minute of travel time (₹)	2	2

So, for a 10-km trip that takes 30 minutes, it costs:  
**By UberBlack:** ₹90 + ₹25 x 10 km (₹250) + ₹2 X 30 min (₹60) = ₹400  
**By UberX:** ₹50 + ₹15 x 10 km charge (₹150) + ₹2 X 30 min (₹60) = ₹260

### What's Great

- Both the cars we tried were clean. The drivers were courteous, dressed in uniform, well-groomed and could understand and speak English.
- The fare is the same during the day and at night, unlike other cabs
- You just have to mention your pick-up point on the app and not your destination, which gives you greater flexibility

### What's Not

- Since everything is app-based, it is prone to failure. For instance, in crowded Nehru Place, when the mobile network gave way for a few minutes, no calls went through and the app was not working because the data connection was lost.
- The cancellation fee is steep: ₹150 for UberX and ₹200 for UberBlack, which is as much as the minimum fare.
- There is no advance booking as with other radio cabs; so relying on it when you have to catch a 5 am flight isn't a good idea.

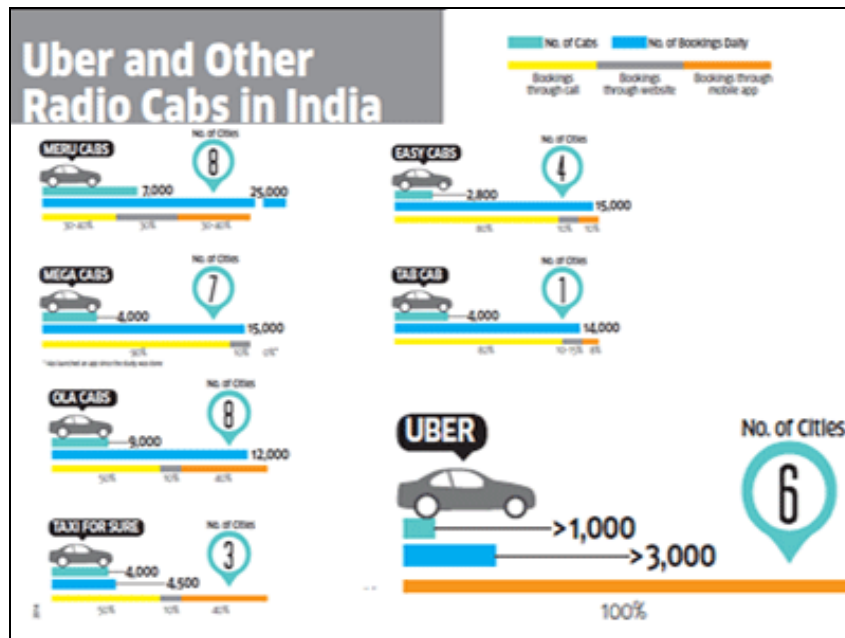
An UberBlack driver in Mumbai who owns the car says he does 8-10 rides a day with an average fare of Rs 200 per trip and that it is profitable for him. While customers get to rate drivers after a ride, it is vice versa too. "If we get repeated bad ratings, the company talks to us to figure out what's wrong and fix it. And they do random quality checks of the car too," he adds. Uber drivers have the option of signing into the Uber system and taking rides the whole day or for a part of it. Some estimates put the number of cabs in its network in India at over 1,000 and the trips it does at over 3,000. India has about 20,000 radio cabs, about a fifth of the organized cab market, with annual revenues of over Rs 1,200 crore.

## Bumpy Ride to Success

While India undoubtedly offers huge potential to Uber, it poses some serious challenges too, the biggest of which are regulations. It has invited protests across London, Paris, Madrid and Berlin over its legality and drawn flak over its pricing. While cabbies say that Uber does not have a licence to operate taxis, Uber claims it is just a technology company. While courts in Berlin and Brussels banned Uber earlier this year, it recently got a go-ahead from London's transport regulator. It could face similar legal trouble in India, considering Ola has been taken to court in Mumbai for not being a licenced operator.

There could also be other hindrances in India. Like their counterparts in other emerging markets, cities in India are hobbled by poor roads and crippling traffic, but Uber is relying on its technology and the data it collects to overcome these problems. "This allows cars to be positioned very close to the requester and pick up times are very low. For example, the average pick up time is less than 10 minutes, and if we can do that in a very busy city like Mumbai, we believe we can replicate that in many cities across the country," says Penn.

Siddhartha Pahwa, chief executive, Meru Cabs, believes that giving customers the option of booking only through an app is not a good idea given that internet connectivity on the rider's phone may at times be patchy. It could also run the risk of pampering a customer with a Mercedes-Benz E-Class only to disappoint her by giving her a much cheaper Toyota Innova the next time. Despite these issues, Uber is fast becoming a recognizable brand among the tech-savvy city folk in India, and is bound to make its competitors watch its every move, as it has done whichever country it has set foot in.



Source: [Taxi Market in India – Case Study of Delhi](#)

Read more at: [Economic Times Article Link](#)

# THE ECONOMIC TIMES

For thousands, taxi aggregators offered the first real chance of escaping the clutches of poverty

# For Uber Drivers, Dream Ride Turns into Nightmare

## How The Ban Hurts Them



**PAAN SINGH CHAUHAN, 45**, father of 3. Saddled with an EMI of ₹16,600. He doesn't want the life of exploitation with radio taxi firms. Worked earlier with a pvt taxi stand



**DAMODAR CHAUHAN, 26**, used to drive mortuary and ambulance vans, before he joined Uber. Chauhan dreads his past marked by delayed payments, work fatigue and harassment



**BALVINDER SINGH, 29**, is wondering how to pay his son's ₹4,000 monthly school fee. He had got his son admitted in a premium school after his income rose as an Uber partner

PREV INCOME **30K**  
WITH UBER **90K**

PREV INCOME **5K**  
WITH UBER **90K**

PREV INCOME **25K**  
WITH UBER **1L**

PICS: ASHWANI NAGPAL

## Saturday Special

**Harsimran Julka & Vasudha Venugopal**

**New Delhi:** For years Damodar Chauhan drove a mortuary van in Delhi, transporting the dead to their final resting place and earning a pittance as he tried to make a life in India's capital city.

Until this June, when fortune smiled on the 26-year-old when he put together ₹60,000 for a down payment on a new car and enrolled himself on the network of taxi-hailing app Uber. "In just six months I earned enough to buy a (second) car, for which I engaged a friend to drive," said Chauhan, who was earning as much as ₹90,000 a month.

Then disaster struck. This week Uber's services were banned in Delhi with over half a dozen Indian states following suit, after a driver registered on its network was accused of raping a woman passenger last week.

"My car is still waiting in the showroom," said a distraught Chauhan, who used to earn a paltry ₹5,000 in his previous job.

For thousands of drivers like him—mostly migrants from dirt-poor hinterlands—taxi aggregators that have launched services in various parts of urban India this past year offered the first real chance of escaping the clutches of poverty.

These companies, including Uber, Ola and TaxiForSure, neither employ drivers nor own the fleet. Instead they offer a technology platform that links drivers with customers looking for a ride.

The launch of Uber—a San Francisco startup that is backed by Goldman Sachs and Google Ventures—in India last year has triggered fierce competition in the Indian taxi industry estimated to be worth up to ₹54,000 crore a year of which only 4-6% is organised.

The entry of aggregators backed by million of dollars of investors money into the taxi market and their desire to win market share has seen availability rise and fares drop in several cities.

**PROTECTING THE GOLDEN GOOSE**

→ **PAGE 3**

**UBER BAN WRONG: KHOSLA**

→ **PAGE 6**

**Mini-entrepreneurs → 7**

# Cabbies Had Turned into Mini-entrepreneurs

►► From Page 1

A ride is now available for about ₹12 per km on Uber and ₹10 per km on Ola—only slightly more than what auto rickshaws charge. Radio taxi operators such as Meru Cabs, which charge around ₹23 per km for its mainstay service, were also forced to adapt to competition from a new quarter. Meru also launched an aggregation service, Genie, on its platform, offering rides at Rs 10 per km. Uber, which raised \$1.2 billion in fresh funding from investors earlier this month, sees India as one of its key markets and a senior official has even indicated that the company was willing to commit around \$500 million to its India operations.

While fares have dropped, drivers have benefited too, some of it thanks to aggregators paying them more as incentives. In the past, while a driver on Meru would earn about an average of ₹15,000-20,000 per month, those driving for an Ola or Uber service have seen earnings rise to an average of Rs 45,000 a month.

Uber is estimated to have an all-India driver network of 10,000 while home-grown Ola said it has 42,000 drivers registered across 22 cities. Meru has about 10,000 drivers with it.

On Friday afternoon, hundreds of cab drivers turned up in the heart of Delhi protesting against the government ban on taxi-app companies, pleading that the ban be revoked.

"I have to pay an installment of Rs 16,600 per month and support a family of five," said 45-year-old Paan Singh Chauhan, a father to three daughters whose income had doubled to about Rs 90,000 a month by working for Uber in last six months. Chauhan, who drove a private taxi earlier, took a bank loan to buy a new car and sign up for Uber.

Delhi-based Balvinder Singh, 29, had admitted his five-year-old son to a premium private school after his income shot up to ₹1 lakh per month with Uber. "I had a dream that my son should get good education which I couldn't in life. I don't know whether I will be able to afford that now," said Singh, who is saddled with an EMI of ₹15,000 per month along with a monthly school fee of ₹4,000 to be paid next month.

Experts say that with big money flowing into online aggregation companies, several cabbies had turned into mini-entrepreneurs financing multiple vehicles. "Most of such drivers are likely to be absorbed by existing players such as Ola and TaxiForSure who are likely to clean up their operations faster," said Jaspal Singh, cofounder of Valoriser Consultants, which provides research services for transportation companies.

"However drivers can forget the kind of incentives they used to get per trip or offers each peak season as Uber is likely to be out of the market for a couple of months," said Singh.

Ishwar Singh, 28, took a ₹13-lakh loan

this month to buy a Toyota Innova. Singh had enrolled a driver to ply his earlier cab, also an Innova. Both cabs were earning him an average of ₹11,000 per day until last Saturday, when news of the crime by an Uber driver made national headlines.

Getting a car financed once registered with Uber was easy. "With a bona fide letter certifying us drivers as capable of paying off loan, many companies were willing to finance vehicles," said Naresh Nagpal.

For instance, all taxi-app companies, including Ola, Uber and TFS, have arrangements for vehicle financing with companies including Shriram Transport Finance, AU Financiers and Toyota Financial Services.

Nagpal, whose income had risen so much so that he could get his wife operated upon at upscale Max Hospitals for a kidney problem, said the couple had only begun to "feel like middle-class people". He dreads going back to the life of a radio-taxi driver. "I was an airport pick-up driver for a radio-taxi firm which did not pay any waiting charges and if the client was missed, the drive went unpaid. It was a nightmare," he said.

For survival, cabbies such as 40-year-old SM Jha is planning to take another loan just to fund the EMIs till a decision is taken by the government. "I am knee-deep in debt and I will have to take another loan now to pay the EMI and support my family of five," said Jha, a father of three.

# Auto aggregators like Ola growing in number and driving into new cities

By [Vasumita S Adarsh](#) & [Aditi Shrivastava](#), ET Bureau | 14 Jan, 2015, 10.51AM IST

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PUNE: After Bengaluru, Pune is turning into a hotspot for auto aggregators as Ola enters the autorickshaw space with the launch of its own app and attracting drivers with monetary incentives and goodies, even as local startup Autowale is looking to keep its customer base with local knowledge and advance bookings. Meanwhile, Bengaluru based mGaadi is all set to launch in Pune in the next one-and-a-half months.

The battle brewing in the western Indian city could be a precursor for more action in other areas as technology-based companies look to organise all sectors in India's fragmented local transport market.

"While Ola's entry into this segment increases competition, it is also a major validation on the potential to organise the autorickshaw sector in India, something investors weren't convinced of before. From that perspective, their entry is a positive signal for all startups in the segment," said [Mukesh Jha](#), cofounder of Autowale.in, which was launched by him along with Janardhan Prasad in 2010.

The company is looking at growth of 25% month on month and has got investment of close to Rs 4 crore, including an angel round. "We are in talks for a series A investment, and are looking at a sum anywhere between Rs 30 and Rs 60 crore. Depending on what we raise, we will be expanding our network in Pune and launching in other metros and tier II cities," said Jha. Autowale has 1,300 drivers registered with it in Pune and Jha said that more than 4 lakh auto rides take place in Pune every day.

Ola started its on-demand autorickshaw service and app in Bengaluru first, before doing so in Chennai and Pune. It's also launched the service in Delhi since then. The company, which has not made the service official yet, said it's in the beta stage and refused to comment. Auto drivers in Bengaluru and Chennai are being offered Huawei handsets for booking and tracking and are depositing Rs 1,500 per week in their bank account. "During peak hours, drivers are being paid Rs 50 per ride and Rs 10 per ride during non peak hours, besides their convenience fee," said a source in Bengaluru.

In Pune, drivers are being offered Rs 200 every day, if they stay connected for twelve hours through the Ola app on smartphones given to them. Plus, they are offered Rs 30 per ride, besides a convenience fee of Rs 10, said a source.

Bengaluru-based mGaadi said that it currently has more than 11,500 drivers in its network, and is looking to enter Pune by February end. "Ola has entered the space with much more money and marketing power, and other aggregators like TaxiforSure and Uber have announced their intent to enter this space. We are looking at the industry as a whole rather than wooing drivers with huge incentives. We have launched a campaign with the Bengaluru city police called 'Go Anywhere', which honours drivers who follow rules, make passengers feel safe, and do not refuse to go to a destination," said Solomon Prakash, co-founder of mGaadi, which he set up with Vishy Kuruganti.

"Pune along with twin cities Pimpri-Chinchwad is a big market for us as well as other aggregators as the per-capita auto per person is the highest in Pune. That is, the number of autos available per 100 people is highest in Pune. We will also be going to Delhi, parts of Mumbai and Hyderabad," said Prakash.

Rajesh Sawhney, founder of GSF Venture Partners, said that autos are a naturally bigger market and a bigger economy than taxis, which is what has persuaded taxi aggregators to enter this space. "What taxi aggregators will realise is that the dynamics of the autorickshaw segment is also different from the taxi space. The management skills required to manage autos and customers of autos need to be specialised," he said. GSF has invested in Autowale through an angel round. Jaspal Singh, co-founder of Valouriser Consultants, which provides market research for transportation companies, said there were more than 4.3 million registered autos in India in 2012, compared with 2 million registered taxis, which tilts the economies of scale in favour of the three-wheeled vehicle.

Taxi aggregator Uber got entangled in regulatory issues after a woman customer was raped allegedly by a driver of one of its cabs, so such matters are a concern for aggregators in the auto space as well.



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"Currently , auto aggregators are charging only convenience fees from customers or sub scription fees from drivers. Further, the fare is highly regulated and the driver needs to strict ly go by the meter. The aggregators are only creating convenience of finding and booking autos," Singh said.

He added that there is only single-permit structure for autorickshaws compared with different types of permits in the taxi market. "This makes choice easier for the auto aggregator. They need to work with ex isting owners only . The regulation of auto permits is very precise like commercial licence for driver, PSV (public service vehicle) badge, police verification, helpline number, installa tion of GPS devices etc," he said.

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# BlaBlaCar Zooms in, Aggregators Stuck in Jam

Carpooling is not bound by regulations & French co is likely to take advantage of sentiment against radio taxis, aggregators

**Krithika Krishnamurthy  
& Aditi Shrivastava**

**Bengaluru:** French carpooling company BlaBlaCar is driving into India at a time when taxi service aggregators are searching for a way out of a regulatory maze. The service for long-distance travel links private car owners with commuters through an online community.

"India will become one of the biggest countries we do business in," said Nicolas Brusson cofounder and chief operating officer of BlaBlaCar. It will launch services in Delhi-Gurgaon on Wednesday.

India is the first stop in Asia, for the 10-year old company that has built an online community of 10 million across 13 countries so far. Last July, it received \$100 million in funding from a slew of investors including Accel Partners and Index Ventures, when it first announced its interest in emerging markets including India, Brazil and Turkey.

Unlike taxi aggregators who have

been asked to register as radio taxi operators, carpooling services in India are not bound by regulation as yet. "We have spoken with the relevant authorities and they have been encouraging about this," said Raghav Gupta, country manager for BlaBlaCar in India.

Brazil's Tripda which is backed by German incubator Rocket Internet launched its Indian operations last November by offering ride sharing between cities. Meanwhile, a number of local players like RidingO, SmartMumbaikar and ZingHopper, offer similar services within cities.

Experts said governments support carpooling as it helps reduce traffic on clogged Indian roads, making it an attractive business for transport companies. While the private car owners cannot make a profit out of car-pooling, commercial businesses that link car owners with commuters can charge a fee.

"There is no such regulation that controls peer-to-peer ride sharing in India," said Jaspal Singh, partner at Valoriser Consultants. "Ride-shar-



ANIRBAN BORA

ing for city-to-city segment is going to be next game changer."

As such, car-pooling differs from the taxi-aggregation services offered by companies like Ola, Uber and Taxiforsure that link commercial drivers with local commuters within cities. Carpooling is now attracting the attention of these aggregators. "Ola is also looking at carpooling very closely. The company plans to launch a beta phase carpooling in Bangalore" said a person directly familiar with the launch ex-

pected in the first quarter.

BlaBlaCar, which draws its quirky name from one of the features that users display on their profile on the company's platform, expects users to log in using their Facebook profile. Members are asked how chatty they are on a scale of "Bla", "Bla-Bla" and "BlaBlaBla. They can then choose the driver they want to ride with based on profiles. In Spain, Poland and France, BlaBlaCar charges an 11% commission on each ride per person. In the other 10 countries

where it operates commuters pay the driver in cash at time of the trip.

In India too, commuters will have to sign on through their Facebook profile, and book a ride with a driver they are likely to be comfortable with. While the service will be free for the first year, the company will later "take a percentage out of every booking," said Brusson.

In European markets this ride-sharing service has emerged as a cheaper alternative to trains. In India, it is likely to be more about convenience, as booking last minute train rides between cities is cumbersome and offers little guarantee of actually finding a seat. The Indian Railways facilitates about 7.6 billion train rides annually.

"It is a big market for everybody," said Brusson whose company will compete directly with Tripda that operates mostly in Bangalore-Pune-Mumbai- and Delhi sectors. "We are looking at acquiring smaller carpooling companies to scale business in India" said Nitish Bhushan, head of Tripda's Indian operations.



**NOW TRENDING** Auto aggregators are growing in number and driving in to new cities; the latest entry of Ola into Pune increases competition and indicates interest

# Autos Race Taxis, Storm New Cities

Vasumita S Adarsh and Aditi Shrivastava

**Pune:** After Bengaluru, Pune is turning into a hotspot for auto aggregators as Ola enters the autorickshaw space with the launch of its own app and attracting drivers with monetary incentives and goodies, even as local startup Autowale is looking to keep its customer base with local knowledge and advance bookings. Meanwhile, Bengaluru-based mGaadi is all set to launch in Pune in the next one-and-a-half months.

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The company is seeing a growth of 25% month on month and has got investment of close to ₹4 crore, including an angel round. "We are in talks for a series A investment, and are looking at a sum anywhere between ₹30 and ₹60 crore. Depending on what we raise, we will be expanding our network in Pune and launching in other metros and tier II cities," said Jha. Autowale has 1,300 drivers registered with it in Pune and Jha said that more than 4 lakh auto rides take place in Pune every day.

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## PER CAPITA AUTO

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## Hot is Three Wheels

### Destination Pune

Ola enters city with launch of its own app and attracting drivers with monetary incentives and goodies

Pune-based Autowale counts on local knowledge and advance bookings

Bengaluru-based mGaadi to launch in Pune in one-and-a-half months

### Atowale



Month-on-month growth

1,300 drivers and 4 lakh rides in Pune every day

### Ola

Started in Bengaluru first and expanded to Chennai, Pune and Delhi

# The Growth Drivers

Why it may make sense to acquire drivers instead of taxi companies

**EARLY DECEMBER 2014:** The rape incident in 2014 involving a Uber driver turns the spotlight on the drivers and verification of their credentials

**FEBRUARY 2015:** Mumbai transport commissioner threatens to ban taxi services and block their websites if they operate without badge-holding drivers

The process of acquiring a badge is complicated in many cities and some like Mumbai seek a 15-year residency proof

Acquiring badge-holding drivers, many who also own taxis, is a cheaper way to expand the network

Incentives paid to drivers can be shown as monthly outgo that can be scaled down later unlike bringing in large equity funding for buyouts and diluting stake



“At Bookmycab we faced a **tough time trying to hold on to drivers** as our rivals targeted them with enticements and unfair offers”

**Avinash Gupta**, CEO, Bookmycab

He adds that to bring in a sense of entrepreneurship and the necessary changes in mindsets and behaviours, TaxiForSure has chosen to “incentivise our driver partners. Their monthly incomes have at least tripled and a few with leadership skills have become entrepreneurs themselves, by managing scores of other drivers. Today, some of our driver partners have started buying houses, which is a great feeling for us and a strong signal from our industry on how we are positively impacting lives”.

Drivers can be a finicky lot – and to keep them happy, Meru has three different schemes operating. Pahwa told *ET Magazine*: “If a taxi driver has a car, we can give our machines and metre and he can be on our network. If he is a daily wage earner who cannot afford a car, then we can give him a car to drive. And if he is someone who has the down payment for a car but no credentials to buy it on a loan, then we can buy it and hand it over to him with a scheme so he can own it subsequently.”

Others are also helping. For instance, Ola organises ‘Driver Melas’ in different cities, from time to time. At one such event in late 2014 in Mumbai, it got 1,300 drivers together to meet car makers and financiers. A Tata Manza could be bought by a driver at a huge discount of ₹1 lakh. Around 120 cars were bought by drivers at the event.

Regulatory tightening too is working in favour of drivers. A week back, the tone was set by Mahesh Zagade, transport commissioner of Mumbai, who wrote to all taxi operators asking them to use only badge-hold-

ing drivers. Meru’s Pahwa acknowledges that only 80% of their drivers have badges.

In Delhi, with the focus on security sharper than ever, the battle for approved driver is equally bare-knuckled. Right now the operators like Uber, Ola and TaxiForSure, are struggling to meet the requirements for a licence to operate in the capital.

Kolkata is probably the only city apart

from Mumbai that has wide-spread use of black-and-yellow taxis – around 35,000 of them are in operation. Uber had the most downloads in Kolkata, compared with other cities in India, within a week of its launch. It had also seen one of the earliest operating taxi companies – Blue Arrow – launched by ad-man Ram Ray in February 2004. However, the taxi unions are so strong that they can bring the city to a standstill if their interests are not taken care of. The Mamata Banerjee government is promising to bring in a law that will only allow aggregation of black-and-yellow taxis, strengthening the hand of the taxi drivers.

## Mumbai in a Nutshell

Taxis **1 lakh**

Auto rickshaws: **2 lakh**

Organised taxis: **10,000**

Badge holding drivers **3.5 lakh**

(A badge holding auto-driver is allowed to migrate to a four-wheeler provided he has a four-wheeler licence)

## Number of licenced badge-holding drivers, city wise

Delhi and NCR **70,000**

Pune **60,000**

Surat **55,000**



## Fleet Taxi Norms across the Country

**MUMBAI:**

Three schemes are in operation – radio taxi, phone fleet taxi and call taxi. The last one is an aggregator of black and yellow cabs

**DELHI:**

Follows the Mumbai model. Came out with amended radio taxi scheme in 2015

**KOLKATA:**

Likely to bring in legislation soon for aggregation of yellow cabs. Has a new licence scheme running for “no-refusal” taxis

Bengaluru, Hyderabad, Chennai and other cities yet to introduce legislation

## Wooded and Bemused

The taxi drivers, especially the black-and-yellow cabbies, in Mumbai are bemused. They are not used to being wooed.

“Is this all black money,” asks Arun Shankar Yadav, a black-and-yellow taxi driver in Mumbai who plies his trade for Ola. “I am making ₹40,000 from Ola every month. Where is this money coming from?” (Of course no one has explained the world of private equity to taxi drivers).

Yadav recounts how he would earlier get ₹1,000 a day for logging into Ola for 12 hours a day. This incentive was later scaled down to ₹500 and now he gets ₹250 a day. This is apart from ₹50 per ride and Yadav is happy with the money and takes on Ola’s business whenever he gets it.

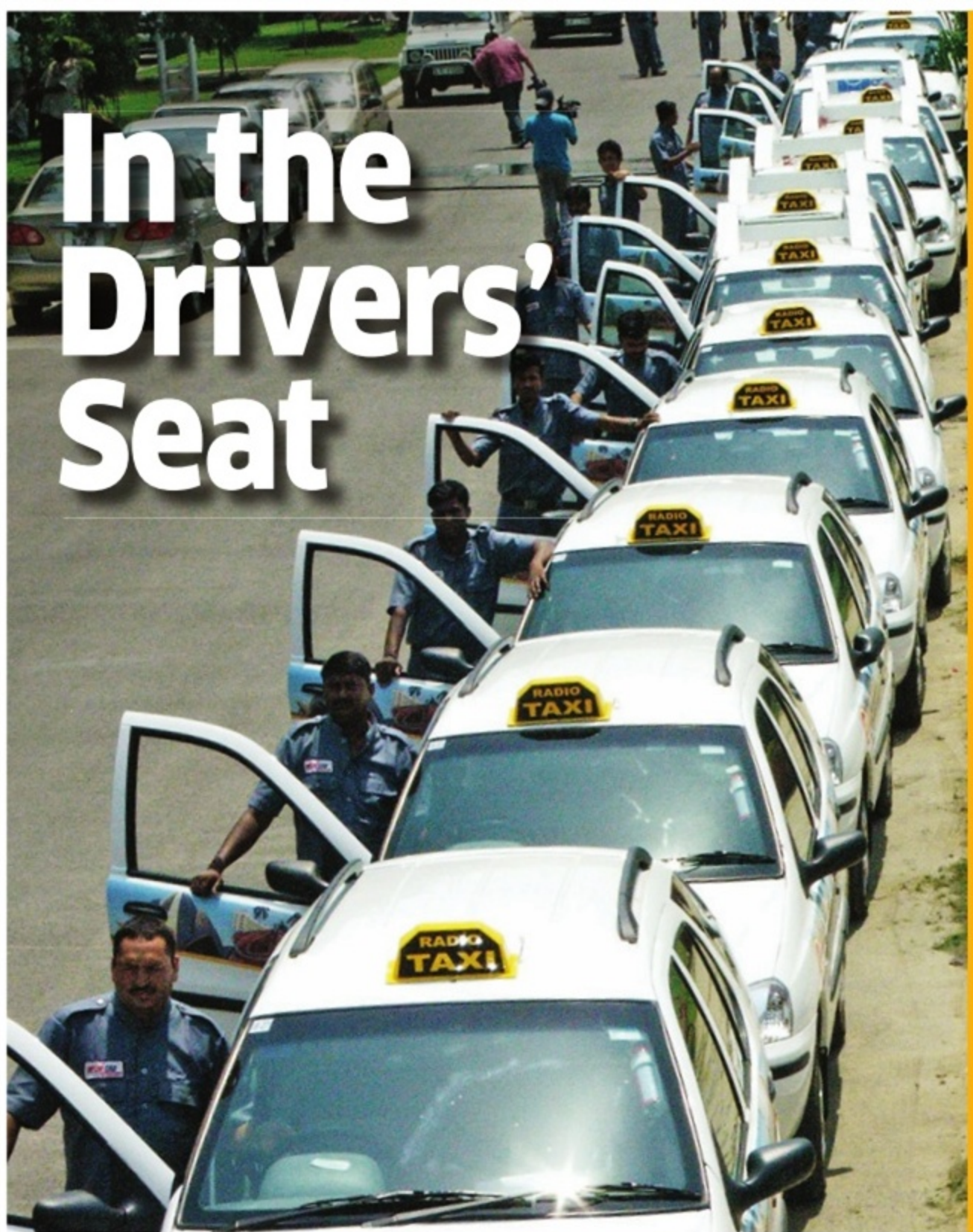
Not everyone is happy though. D Godse, a black-and-yellow taxi driver, said he signed up with Ola but stopped logging in after a month as he never got enough rides through the day.

But it isn’t only Ola that is disappointing. Ramprakash Mali, a cabbie who drives a blue cool cab in Mumbai, had signed up with Bookmycab but says he hardly gets a ride that’s worth it.

“First they gave me a machine, then a phone with their SIM card in it. Now I have taken an android phone and they can track my location from it,” Mali said as he logs into the driver’s app for Bookmycab. It shows a ride from Bhendi Bazar, in south Mumbai although Mali’s location is in the suburban part of the city. “It shows my location is Santacruz and yet offers me a ride from so far away.” Mali is now worried. He has compared rates offered by Uber and finds them much cheaper than what he would earn from a similar ride. “These companies will finish us; this is an attack on us independent taxi drivers,” he adds.

The taxi companies counter that they want the drivers to meet them half-way.

Aprameya of TaxiForSure says: “In the US drivers do up to 35 trips a day; here the maximum is only three or four. To move this number to 10 we need to incentivise them. Only when drivers are on the move will customers be able to get a cab at their preferred location and time. This builds efficiencies in the system – the same number of cabs will be doing more trips, instead of adding more cars to the system.” ■



# In the Drivers' Seat

signed up with Bookmycab were asked to ditch passengers booked through his app and pass on their phone numbers to rivals. "My rivals offered to pay back the black-and-yellow taxi drivers double the amount of fine that we would levy upon them," Gupta adds.

Gupta and Bookmycab survived the storm, perhaps because Gupta hails from Darbhanga in Bihar, and he had a natural advantage with cab drivers from Bihar and Uttar Pradesh.

Then, in the first week of December, the Uber incident happened, with a woman allegedly being raped on a ride arranged by the taxi aggregator. Regulators across the country turned their scanner on taxi operators. Uber, Ola and TaxiForSure were banned in Delhi and everyone's focus shifted to getting on the right side of the law.

Things have settled down somewhat and the app-based taxi operators are trying to negotiate their return to the streets of the Indian cities (Mumbai and Bengaluru), especially Delhi where their applications to become taxi operators were found wanting. They have managed to keep operating in most other Indian cities, even where they were banned.

Running a taxi service isn't easy, and it's perhaps that realisation that has triggered an apparent wave of consolidation, with talk of Ola wanting to buy out TaxiForSure and Uber eyeing Meru, although there are no confirmations yet (see *On Deal Street*).



"Whoever has the largest network will be able to **grow the business**"

**Siddhartha Pahwa,**  
CEO, Meru Cabs

## Driving in a Change

Yet, there may be a case for consolidation. Siddhartha Pahwa, CEO of Meru, one of India's oldest taxi service provider-turned-aggregator, acknowledges the ones to survive will be the larger networks. "Whoever has the largest network will be able to grow their business." He claims Meru is nearing revenues of \$100 million and is looking to raise private equity funding to acquire some of the competitors.

An Ola spokesperson refused to comment on the takeover of TaxiForSure. For its part, TaxiForSure confirmed that while it is in talks with Uber and Ola to sort out legal issues related to the Delhi ban, it is also in the process of raising funds.

Whilst acquisitions will help give players scale and reduce the number of competitors, it will also give buyers access to one key resource: certified drivers.

For the taxi aggregators, the taxi driver is also an entrepreneur, who often owns his cab, if not three or four.

Aprameya R, director and co-founder of TaxiForSure, says: "Drivers are the backbone of our industry. The scorching growth of cab booking services necessitates the addition of thousands of drivers into the system."

Radio cabs and taxi aggregators are in acquisition mode with their eye mainly on certified drivers

## :: Suman Layak

The three months from October to December, 2014 were tough ones for Avinash Gupta, 32, chief executive officer of taxi service aggregator Bookmycab. Gupta, an MTech in industrial engineering and research from IIT Bombay, was fighting a tough battle on the streets of Mumbai: to hold on to taxi drivers who had signed up with his company.

This was just a month after Gupta had acquired a smaller competitor in Hyderabad (CabonClick) and was

planning an India-wide expansion. His competition was not only offering Samsung smartphones and iPhones to black-and-yellow taxi drivers, but was even rewarding some top performers with flat screen televisions, washing machines and the like. This was apart from daily cash incentives deposited in bank accounts especially opened by rivals for these drivers.

That was not all. Gupta says some cab drivers who had

## On Deal Street

Fund raising is on in full gusto, consolidation has begun although speculation of a few transactions may be premature



AUGUST

OCTOBER

OCTOBER

NOVEMBER

JANUARY 29

FEBRUARY 2

FEBRUARY 5

2014

2015

TaxiForSure raises \$30 mn from Accel Partners and existing investors

Sumitomo acquires car leasing division of Carzonrent (Easy Cabs)

Ola raises \$210 mn from a Softbank-led group

Bookmycab acquires CabonClick in Hyderabad

Reports of Ola acquiring TaxiForSure for \$200 mn. TaxiForSure says the news is speculative

News of Uber in talks to acquire Meru surfaces but is denied by Meru

Meru says it will raise \$100-150 mn to acquire smaller cab aggregators

**OLACABS, UBER CUT PRICES IN DELHI, OTHERS MAY FOLLOW**

# Taxi Cos Escalate Price War, Customers Win

While Ola has slashed rates in its lower-end car business, Uber has cut prices for its premium segment

## METER DOWN

While Ola has cut rates in its lower-end car business, Uber has cut prices for its premium segment



Uber plans to launch affordable ride service UberX in Mumbai, Chennai and Pune

Other aggregators like Meru Cabs and Savaari cabs feel that price cuts is not sustainable

Indian taxi market is valued between ₹36,000 crore and ₹54,000 crore, of which only 4-6% is organised

Aditi.Shrivastava@timesgroup.com

**Bangalore:** The fight to win over the Indian taxi passenger has intensified with aggregator Olacabs and cab hailing app Uber slashing prices by a fourth in Delhi—a development that is likely to force rivals to follow suit.

While Ola has cut rates in its lower-end car business—Ola mini—to ₹10/km, Uber has cut prices for its premium segment Uber BLACK. Separately, the San Francisco-based taxi hailing app also announced that it will be launching its affordable ride service UberX in three more Indian cities: Mumbai, Chennai and Pune.

“We are pushing our efficiency system to the maximum,” said Shailesh Sawlani, general manager of Uber in Mumbai. “We see this as a daily commute option for our riders and plan

to maintain these prices if customers ride with us as much as we anticipate.” UberX Mumbai fares are ₹15/km with a minimum base fare of ₹50 and total minimum fare of ₹125.

The latest moves come after Uber cut its prices in Bangalore by 25% last month. Ola also reduced fares to ₹10/km for its Ola Mini service in the Garden City. “We have been able to optimise our inventory,” said Pranay Jivrajka, vice president of operations at Olacabs.

According to industry estimates, taxi companies are struggling to keep pace with the rising demand and on average cannot accommodate a fifth of the bookings. To address this problem Ola said it will increase the number of cabs available on its mobile app by about 35% to 3,200 in Delhi alone. Ola’s total fleet size is about 15,000.

“These price cuts are just a starting

point to acquire customers and establishing the brand image till the time you hit a critical mass,” said Arvind Singhal, chairman of Technopak.

**Other cos like TaxiForSure are focussing on discount codes to expand the customer base instead of cutting prices**

not specified the timeframe.

Other competitors like TaxiForSure are focussing on discount codes to expand the customer base instead of cutting prices. “We keep doing event-related promotions and offer discount vouchers from time to

time,” said Aprameya Radhakrishna, founder and chief executive of TaxiForSure.

“Till the time, taxi aggregators will not face pressure to turn profitable, the freebies will continue,” said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research services for transportation companies. “These companies are looking to build valuation by expanding geographic reach, recruiting more number of drivers and attracting bookings to increase revenue.”

However other aggregators like Meru Cabs and Savaari cabs feel that price cuts is not sustainable long-term. “Meru does not believe in price wars,” said Siddhartha Pahwa, CEO of MERU Cabs. “Consumers will not take a cab because it’s cheap but for its reliability, safety and professional service.”

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# Ola to Dip into Pocketbook to Own Taxi Fleet

Taxi aggregator to spend ₹5,000 crore to buy cars, will form separate subsidiary

**Aditi.Shrivastava1**  
@timesgroup.com

**New Delhi:** Online taxi aggregator Ola is investing ₹5,000 crore to buy and lease cars to drivers, taking a sharp detour from its model of partnering with drivers having their own vehicles, so that its chauffeurs can't register with rivals Uber and Meru.

Ola will make the investment through a fully owned subsidiary, the company said. Ola will initially invest ₹500 crore and

**Ola will pilot the leasing programme in Chennai, Bengaluru & Hyderabad with over 1,000 cars**

raise funds independently for this subsidiary, which is separate from its aggregator model, where the cars were owned by its driver-partners. The subsidiary will ask drivers registering to lease its cars to make a down-payment of ₹25,000-₹35,000 and pay a monthly subscription fee along with a commission on each ride. The drivers will be attached exclusively to the Ola platform and will have an option to own the vehicle.

## Changing Lane

Ola sets up separate, fully owned subsidiary for buying and leasing cars to drivers

Ola to invest over ₹5,000 cr for scaling up the programme over a year

Newly appointed Rahul Maroli from LeasePlan India to lead the business

Ola's leasing plan is similar to Meru's driver subscription programme it started 7 years ago



## Ola talking to Car Cos for Leasing Model

►► From Page 1

Ola is piloting the leasing programme in Bengaluru, Chennai and Hyderabad with more than 1,000 vehicles. A majority of the vehicles were sourced from Maruti Suzuki India. Ola is in advanced talks with other car manufacturers as well, including Mahindra & Mahindra, to enable its leasing model for more than one lakh drivers by the end of 2016.

### LOYALTY ISSUE

Ola and rival Uber have been struggling to keep their driver-partners loyal to their mobile app-based platforms by offering a host of incentives, but with little success. Several drivers registered with Ola also ply for Uber, and vice-versa, depending on which company offers higher incentives during a particular hour, a factor that affects crucial metrics for the taxi firms.

"This initiative is focussed on getting more quality cars (supply) on the Ola platform," said Rahul Maroli, newly-appointed vice-president of strategic supply initiatives at Ola. "We will be doing background checks, past employment checks as

well as a psychographic profile to check integrity of the drivers we get on board.

Meru, which has been following both a lease and an aggregator model for several years, has been profitable for the past three years. "Our lease model gives us a four-year commitment of dedicated supply, and even after competition spending millions, drivers tend to stick to our platform," said Siddhartha Pawha, CEO of Meru Cabs.

Industry sources say Uber, which was recently funded by Tata Opportunity Funds, is working on a similar vehicle financing, insurance and leasing solution. "The announcement is expected to be made in next few weeks," said one source aware of the developments.

"Leasing model is somewhat similar to subscription model followed by radio taxi companies (like Meru) earlier," said Jaspal Singh, founder of Valouriser Consultants, a transport research and advisory firm. "If the ownership of the vehicle will be with Ola then it needs to follow stringent background checks, strong maintenance regime and quality assurance parameters. It may prove to be expensive."

# Uber Ready to Play by New Rules

Taxi hailing company willing to apply for licence in India under new government guidelines

**Aditi Shrivastava  
& Harsimran Julka**

**Bengaluru:** Taxi hailing company Uber said it's willing to get licensed in India under new guidelines issued by the central government last week for cab aggregators.

The guidelines are the first move by India to bring taxi apps under any form of regulation since the Central Motor Vehicles Act and state transport authorities lack any rules that govern them.

The new advisory guidelines by the Centre direct the states on how to draft regulations for city-taxi schemes and aggregators. The new provisions include a mandatory 24x7 call centre and a number for a grievance redressal officer. Uber says it has an instant response time of less than five minutes on an email complaint.

The applicant must be a registered entity under the laws of India. The applicant must not own

or lease any vehicle, employ any drivers or represent himself as a taxi service, unless also registered as a taxi operator under the applicable law.

In September, Ola said it had set up a separate, fully-owned subsidiary that will buy cars and lease them to drivers. This new business is separate from Ola's aggregator model where the cars are owned by the driver upfront. It is unclear how Ola will run both businesses. Uber is also working on a leasing model, according to sources. However, no official announcement has been made yet.

"This is a big leap towards recognising sector-specific regulations for technology-based, ride-hailing services in India and we look forward to working with the various state governments to get licensed under this framework," said an Uber India spokesperson. SoftBank-funded Ola too has welcomed the guidelines, saying it is a progressive directive.

Both Ola and Uber face bans in



the national capital as their applications for licences to operate have been rejected.

The guidelines say that the licensee must not require drivers using the on-demand transportation platform to drive a minimum number of hours, but should also follow the rules for maximum hours for safe driving wherever applicable. According to Jaspal Singh, founder of transportation advisory Valoriser Consultants, the policy should also push for integration of driver licensing data, vehicle registration data and drivers' background data at a national level.

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# With low-cost and luxury-ride categories, Ola gives fresh competition to Uber

By [Aditi Shrivastava](#) & [Madhav Chanchani](#), ET Bureau | Jun 16, 2016, 03:27 AM IST

[Post a Comment](#)

BENGALURU: Ola spent much of the last six months strengthening its core, adding a breadth of services and forging ties with an Uber-beating giant. And, according to investors and consultants tracking the sector, it's working.

Ola has been able to extend its lead over a fast-gaining Uber by adding both low-cost and luxury ride categories, increasing focus on customer experience as well as onboarding China's largest taxi-hailing service [Didi Chuxing](#) as an investor, they said.

Ola's aggressive push to win back customers became pronounced in February with the launch of a new lower-fare category, Micro, and expanding to another 75 cities, further heating up its war with Uber that was rapidly closing in with its own ride-sharing and low-fare services.

"Micro has proved the need for a pocket-friendly economical AC cab ride in small and large markets alike," a spokesperson for Ola said in an email. "Ola's higher-end categories Ola Prime and [Ola Lux](#) have also seen phenomenal response from discerning users."

At least 75% of 'Micro' customers are first-time users of air-conditioned taxis, the spokesperson said. 'Micro' is cheaper than Ola's previous lowest-fare service, Mini.

Between them, Ola and Uber handle an estimated 1 million-1.2 million rides a day, leaving little room for other taxi operators. Ola, with 550,000 drivers registered on its platform, says it commands 70% of the market; Uber says it has a 50% share. Both the companies are basing this on rides completed but haven't been able to corroborate their market-share claims. Enough data isn't publicly available to independently verify the numbers.

"A few months ago the gap (between Ola and Uber) was closer, but Ola has stepped up focus on its supply and customer experience, maintaining its lead," said an investor in Ola, declining to be identified.

In March, ET reported that SoftBank-backed Ola was restructuring its business to step up focus and investment in its core taxi service after pulling down the shutters on experiments such as food and grocery delivery. Since then, it has not just launched new categories to widen its scope of offerings but also paid attention to improving customer experience, such as by providing free WiFi for customers of its premium Prime service.

It also has been aggressively investing in its taxi leasing business, a key area of focus for CEO Bhavish Aggarwal.

"Leasing is becoming important over the long term because that's how one can lock in supply without giving incentives (to drivers)," said a person familiar with the development. Both Ola and Uber use up a significant portion of the money raised from investors on offering large incentives to drivers much above the fares they earn.

Ola is taking lessons from Didi on how to battle Uber, the world's largest taxi service. Didi not just dominates over Uber in its home market but is also leading a global alliance against it. Ola is a part of this alliance and its founders Aggarwal and Ankit Bhati visited Didi in China in February to formulate a strategy to take on Uber, according to people aware of the development.

Uber's strategy in price-sensitive [India](#) has been to go low-cost. "We have shut down (the premium) Uber Black and Uber XL in many cities," Uber India head Amit Jain told ET in an earlier interaction.

Uber declined to comment for this story. The BCCL Group, which publishes The Economic Times, holds a minority stake in Uber.

"Ola is fully aware that it can't afford to lose market share," said Jaspal Singh, founder of transport-focused Valoriser Consultants. "It will be



At least 75% of 'Micro' customers are first-time users of air-conditioned taxis, the spokesperson said. 'Micro' is cheaper than Ola's previous lowest-fare service, Mini.



difficult for them to get it back. Uber has a strong financial platform and is putting money (into India) aggressively.

Uber, which is worth an estimated \$62.5 billion, is also investing heavily in India to outrun its competition. The company has said it will invest in India a substantial portion of the \$3.5 billion it recently raised from Saudi Arabia's sovereign [wealth](#) fund to increase its pool of drivers, improve technology and add categories such as bike taxis.

While Ola has cash to sustain another 24 months, according to two sources who chose to be unnamed, the company has initiated internal discussions to raise a fresh round of funds. "Ola is back in the market to raise money at a \$4.5 billion valuation (unchanged from its current pre-money valuation)," one of them said. "Didi will participate in this round. The amount (being raised) maybe between \$500 million and \$700 million."

Ola did not reply to ET's query on this.

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# Run Only on CNG, Delhi HC Directs Taxi-Hailing Cos

Suggests lifting of ban on cos, says they can't be held liable for drivers' acts

## Our Bureaus

**New Delhi | Bengaluru:** The Delhi High Court has thrown its weight behind the app-based cab aggregation model that is disrupting the transportation industry, but made clear that companies such as Ola and Uber must comply with green regulations that mandate the use of compressed natural gas (CNG) as fuel in taxicabs.

Making oral observations — these are not binding, but indicate the court's thinking and point to the eventual judgement — Justice Manmohan described app-based cab firms as a “boon

for consumers” and suggested the Delhi government should lift the ban on their services. “Don't shut them out because you can't deal with it (technology),” he said while hearing a plea by ANI Technologies, which owns Ola and TaxiForSure.

App-based aggregators have been banned in Delhi since the alleged rape in December 2014 of a 26-year-old woman by a driver on the Uber network.

## Green & Bear It

**34,000**

Taxis running on CNG in Delhi

**15,000+**

Diesel vehicles run by taxi app cos in Delhi-NCR

**₹40,000**

Average cost of conversion from diesel to CNG



Cab cos to be hit if SC's CNG ruling is enforced: Meru Flexi, Uber, Ola, TFS

### WHAT DELHI HIGH COURT SAID

- All-India Permit vehicles have to be CNG-only to ply in Delhi
- Don't shut them out because you can't deal with it (technology)
- Taxi apps are a boon for consumers



# Setting a Precedent

►► From Page 1

Since then, the government has modified regulations to say that app-based firms can be governed under radio taxi rules. But Ola and Uber argue that they are technology companies, not taxi operators, and come under the purview of the information technology law. Ola and US-based Uber have been operating in Delhi while they await the grant of licences. Both companies declined to comment for this report. The next hearing is on July 28. If the app-based aggregators are eventually allowed to operate only CNG-fuelled cabs, it has the potential to increase costs for them, and set a precedent for the rest of the country. Some analysts said that this could be good, because regulation is important and app-based firms should play by the same rules as everybody else. "The core issue raised today is regarding the fuel. However, it is yet to be seen how the radio taxi licensing will happen," said Jaspal Singh, founder of Valoriser Consultants, a transport research and advisory firm. "India should follow (the) Singapore model by giving temporary approval. It is good to create a proper scheme to regulate taxi aggregation model."

Another sticking point has been that drivers on the app networks have licences to operate what are known as 'All India Tourist Permits' for inter-state travel where CNG is not mandatory. There are over 15,000 diesel vehicles linked to Ola, Uber, TaxiForSure and Meru Flexi in the national capital which run with such permits.

SoftBank-funded Ola argued that as per Supreme Court orders, cabs only have to comply

with Euro-II norms and CNG was not a mandatory requirement.

## **COS NOT LIABLE FOR DRIVERS' CRIMES**

In his remarks, Justice Manmohan observed that taxi app companies cannot be held responsible for criminal acts by taxi drivers. "If AIP was given to wrong person, he (Ola) is not to be blamed. You can't put burden on him if AIP was given to a criminal. The cross has to be borne by police and the government," he said. "But CNG requirement has to be complied with. I am very clear about it. Your competitors run on CNG, so how can you run on diesel? Run on CNG or not at all." At present, vehicles in the fleets of Meru Cabs, Mega Cabs and Easy Cabs, besides hundreds of black-and-yellow taxis, are fuelled by CNG in the city.

A senior official in the state transport department told ET that the ban on the online taxi operators will stay. "The court has told us to take action against any cab not compliant with laws. These include the Supreme Court ruling that only CNG vehicles can ply in Delhi," said the official. "The operators will have to use CNG vehicles if they are plying within the city. Else, the state and police will take action against them," Naushad Ahmed Khan, Delhi government's counsel in the case, told ET. The Radio Taxi Association of India supported the Delhi High Court's stance. "This is exactly what we have been fighting for. We have also gone to the National Green Tribunal over the issue, and will pursue it if the high court doesn't grant relief," said Kunal Lalani, president of the association.

# Cab-on-Call Costs More at Rush Hour

## Drivers Happy, But Customers May Not Be

### SURGE PRICING

is when aggregators increase taxi fare in case of peak demand

### AS RESULT A

journey that costs ₹7.5/km during non-peak hours surges to

₹40/km during rush hours

### WHY THE NEED

ENSURES MORE drivers on the road during peak hours

### DELIVERS HIGHER

margins for aggregators and increased earning for drivers

### OLA

OLA CHARGES flat ₹50 over actual fares



TIMINGS FOR these charges are 7 am to 10 am; 4 pm to 7 pm

APPLIED ON Ola mini category across Mumbai, Delhi, Bengaluru and Chennai

### UBER

UBER RAISES price in increments

LESS THAN 15% of Uber's rides attract surge pricing, as per industry estimates

INDIA'S TAXI rentals market

\$6 billion

NO OF registered taxis in top 10 cities

About 5.5 lakh

SHARE OF taxi aggregation startups

5%



The likes of Ola and Uber are adopting a surge pricing policy to manage rush hour demand, making a ride 4 times costlier

Aditi.Shrivastava1@timesgroup.com

**Bengaluru:** After pioneering a new kind of taxi booking experience for customers in India's major cities, mobile apps-based taxi-hailing marketplaces such as Uber and Ola are giving them a ride on another innovation — a pricing one. Called 'surge pricing', it is anchored in one of the fundamental tenets of economics — demand and supply — and has left drivers happy, consumers with mixed feelings and India's taxi industry, already buffeted by several epochal changes, now having to get its head around another innovation.

These aggregator firms are increasingly adopting surge pricing to manage sharp demand spikes during rush hours, a 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 ₹7.5 per kilometre during non-peak times surge to as much as ₹40 per kilometre during rush hours.

Executives at Uber's India operations declined to participate in this story, but the company has, in the past, defended the practice.

"It's basic economics," Travis Kalanick, CEO of Uber, said in the company's official blog. "We are able to get a far greater number of drivers on the system when surge pricing is in effect — higher prices encourage more supply to come online."

San Francisco-based Uber globally follows the practice of surge pricing in which it raises prices in increments as and when the supply of available cars gets tight and lowers them as and when demand goes down. Launched globally in 2012, surge pricing has been rolled out in every country. Uber has launched its services, including in India. In this country, however, less than 15% of its rides attract surge pricing, according to industry estimates.

Drivers using the Uber platform love surge pricing, with at least five of them saying they were motivated to log in during rush hours to earn ex-

tra income. "If Uber is surging in a nearby location, we get a text message from the company and it gives us the chance to earn more money," a Bengaluru-based Uber driver told ET.

Uber's rival Ola follows a different kind of model — users booking during peak hours are charged a flat ₹50 over and above actual fares. "A fixed incentive to the driver motivates him to get on to the platform when customers need him most," said Anand Subramaniam, director for marketing communications at Olacabs, a Bengaluru-based start-up that last week received a \$210-million infusion from Japan's Softbank. Ola imposes these charges between 7 am and 10 am and 4 pm and 7 pm on weekdays on its low cost Ola mini category across Mumbai, Delhi, Bengaluru and Chennai.

Other taxi firms, notably TaxiForSure and Savaari, do not follow any surge pricing mechanism. "For us, the earlier you book, cheaper the rates, and since we focus on outstation travel, people plan well in advance," said Gaurav Aggarwal, CEO of Savaari car rentals, which focuses on outstation travel.

Firms such as Uber, Ola and TaxiForSure are the latest disrupters in India's \$9 billion-a-year (₹54,000 crore) taxi market, of which only 4-6 % is organised. There are around 2.3 million taxis registered in India.

Industry executives and experts say the adoption of such practices is only natural, although opinion is divided on what kind of surge pricing model is more appropriate. "Surge pricing is a way of balancing supply and demand," says Arun Sundararajan, a professor at the Stern School of Business in New York who specialises in digital economics. "The nature of taxi is such that there will always be periodic supply and demand imbalances over the day. For a market-based platform like Uber, price changes are the way in which a supply of drivers is brought into the market when needed."

Kartik Hosanagar, professor of e-commerce at the Wharton School, says while surge pricing helps smooth out demand and ensures that taxis are taken by only those who value it most during peak hours, charging a flat rate is probably better. "A flat rate is easy for consumers to understand and surge pricing is harder to comprehend and less predictable," he said. Jaspal Singh, co-founder 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."



# Uber effect: Taxi demand rises by 25% after government ban

By [Harsimran Julka](#) & [Aditi Shrivastava](#), ET Bureau | 17 Dec, 2014, 04.52PM IST

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NEW DELHI/BANGALORE: Even as demand for cabs has risen multi-fold in India after widespread bans on taxi aggregators, cab drivers are unwilling to join radio-taxi operators that cannot match the compensation offered by venture-backed taxi app companies.

"Demand has gone up after the ban on Uber's services. But operators can't scale up their fleet as drivers have now become an expensive commodity," said Ashok Vashisht, chief executive officer at [WTi Cabs](#), a member of the [Radio Taxi Association of India](#).

Earlier this month state governments, led by Delhi, cracked down on the operations of taxi aggregators demanding that they first register with authorities to be deemed legal. This was a response to the alleged rape of a woman passenger by a driver on the network of Uber, the ride hailing startup.

Since then demand for drivers in Delhi and the [NCR](#) region has gone up by nearly 25 per cent said industry members.

Scores of drivers, most of who are registered with Uber, have received calls from radio cab operators but they are not biting.

"We would prefer to wait for a new law that allows internet- based taxi companies to operate than go back to the life of a [radio cab driver](#)," said AS Pandey, an [Uber driver](#) who earlier was a driver at Eco Rent-a-Car, a private taxi operator in Delhi.

Typically drivers plying the vehicles of radio taxi players such as [Meru Cabs](#) and [Easy Cabs](#) have to shell out between Rs 500 to Rs 1500 every day as guarantee money.

In contrast, taxi app companies like [Ola](#), Uber and [Taxi For Sure](#) used to pay drivers about Rs 12,000-Rs 15,000 per week even if they didn't get a required number of bookings.

It's this business model that makes radio- cab operators unsuccessful in their effort to woo back drivers who have benefited from the steep hike in earnings that taxi app companies have offered them in the last year, ever since Uber launched its services in India.

"The internet companies used to transfer money in a week and even gave incentive per trip," said Pandey, who bought a [Toyota Etios](#), on an installment of Rs 24,000 per month while driving for Uber.

Analysts are of the view that drivers will find it tough to get accustomed to a halving of their income. "The revenue model of radio cab companies is proportional to the number of drivers they have versus that of internet based taxi aggregators which depended upon higher number of customers to make money," said Jaspal Singh, cofounder of Valoriser Consultants.



Earlier this month state governments, led by Delhi, cracked down on the operations of taxi aggregators demanding that they first register.

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Several drivers that ET spoke to are hopeful of rejoining the operations of Ola and TaxiForSure or are participating in a self-verification drive as Uber gears up its processes in anticipation of the ban being lifted in Delhi.

Anand Tiwari, Joint commissioner, Delhi Transport Department told ET he is working on modalities to let the web based operators ply again legally. However "it will take time", he said.

Radio taxi operators argue that it is unfair to compare their terms with that offered by internet taxi aggregators who they claim have very low- fixed costs.

Taxi app companies do not employ the drivers or own the cars instead they only offer a technology platform that links drivers with customers.

"There can be a level playing field only if they are allowed to operate under the same licence as we are," said Rajiv Vij, chief executive CEO of Carzonrent and a member of radio taxi association had told reporters last week.

The Indian taxi industry is estimated to have about 6 lakh vehicles and grosses about Rs 50,000 crore a year.

About 50,000 drivers were affiliated with internet taxi players while about 70,000 worked with radio taxi operators such as Mega, Meru, Easy, Wyn, Sky and Quick Cabs.

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# Ola, Uber raise fares in top cities, reduce driver incentives

By [Aditi Shrivastava](#) & [Madhav Chanchani](#), ET Bureau | Updated: Oct 18, 2016, 07:43 AM IST

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BENGALURU: **Ola** and **Uber** are taking a series of steps to increase revenue and cut costs, a departure from their previous strategy of spending heavily to gain market share and in line with the trend in the rest of the consumer internet space.

Among the steps they have adopted, the rival ride-hailing apps have started raising fares in top cities, reducing the amount they pay as incentives to drivers and tightened vigilance to curb fraud by drivers, conversations with company executives, investors and drivers show.

All of this is aimed at improving 'unit economics', or the amount of money they make or lose for every passenger, as the growth rate in large cities plateaus and the two companies dig in for the long haul. According to investors and analysts tracking the ride hailing app business, Ola and Uber each burn \$30-40 million every month.



"It's getting harder to achieve targets set for incentives," according to one driver who said he spends an additional two hours on the road to earn the same amount of money.

## Taking a Brand New Route

### OLA INCENTIVES FOR DRIVERS (DELHI)

No. of Trips	Gross Payment Now (including Ola commission)	Gross Payment in 2015
8	₹2,400	₹3,000 (₹4,000 during peak hours)
12	₹4,000	₹5,500 (₹6,500 during peak hours)

### UBER INCENTIVES FOR DRIVERS (DELHI)

Daily Collection*	Gross Payment (including Uber commission)#	*Daily Collection is total fares billed by the drivers across trips #Gross payment is money drivers get - Incentives after hitting the specific Daily Collection
₹500	₹1,000	
₹1,100	₹2,300	
₹1,700	₹4,000	

"Subsidies won't last forever, and customers need to slowly get used to it. This is a step in that direction," said a person briefed on Uber India's plans.

"We are always working to make Uber the most affordable mobility option for our riders and an attractive economic opportunity for hundreds of thousands of microentrepreneurs on our platform," an Uber spokesperson said. Ola did not reply to emails seeking comment.

Consumer internet companies have been turning their attention to unit economics as the pace of funding slows down this year and companies hit saturation points when it comes to adding new users. In the case of Ola and Uber, the move to control unit economics comes when both companies are facing a ban on surge pricing in markets like Bengaluru, and the supply of drivers on the platform has increased by nearly three times in **Delhi**. They have spent millions of dollars on incentives to woo drivers and riders over the last two years, but they are now entering anew phase.

## STEPS TAKEN

Ola has cut driver incentives based on the number of trips completed by as much as 20-40% in Delhi as compared to a year ago. For instance, drivers completing eight trips with Ola in Delhi now get an incentive of Rs 2,400 as compared to Rs 3,000 a year ago.

Uber has also tweaked its incentive model to reward drivers based on earnings, and not on the number of trips, according to drivers and industry experts.

"For shorter distances, the base fare partially takes care of the cost, but the longer the distance, the more cash we end up spending and it's an added cost for both Uber and Ola," a source said. The added advantage of raising fares is that it could push riders towards the car-pooling service operated by them.

Uber upped its prices for trips beyond 15 km in Bengaluru and Hyderabad a year back saying it was to incentivise drivers to accept long-distance bookings. Last week, it raised fares for distances over 20 km in the Delhi-NCR region. Ola too has the same structure.

These measures come after Ola and Uber also increased fares for most popular categories, Micro and UberGo, respectively. After 20 km, customers will be charged Rs 12/km on **UberGo** and Rs 13/km on UberX. Up to 20 km, they will still ride at Rs 6/km on Uber-Go and Rs 9/km on **UberX**, the company said on its website. The base fare on both categories remains the same.

**Ola Micro** too charged Rs 6/km up to 20 km and Rs 12/km for additional distance, matching Uber prices.

"The focus is on building a real business now. The supply game on quantity in Ola's view beyond a point does not build anything of value," said an investor in Ola. According to another investor, Ola is focusing on better matching demand and supply and rewarding drivers who do better. For Ola, the tightening of the belt comes as it negotiates with potential investors to close a large new round of funding. For Uber, the importance of India as a market has only increased after it effectively bowed out to Didi Kuaidi in China.

## SPENDING MORE TIME ON ROAD

According to several drivers that ET spoke to in Bengaluru and Delhi NCR, they too are getting more accustomed to using one or the other app and don't switch as frequently between apps as they used to a year back. However, achieving targets and quality standards set by both companies, especially on cancellation and rejection of rides, has hurt them and made them spend more time on the road.

"It's getting harder to achieve targets set for incentives," according to one driver who said he spends an additional two hours on the road to earn the same amount of money.

But even as both the players look to improve quality of drivers on the platform, especially with an eye on bringing down the fake rides, they are increasing focus on the leasing business. Uber recently told ET that it plans to lease as many as 200,000 passenger vehicles over the next two years to drivers who want to join its cab-hailing platform. Ola said last year that it, along with financing partners and car manufacturers, will invest Rs 5,000 crore towards this cab-leasing programme over the coming year.

"The focus has shifted now from just adding more rides to achieve profitability," said Jaspal Singh, a partner at Valoriser Transport Consultants.

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# Uber Says Hello Moto in Bengaluru

## Resumes its bike taxi pilot in the city

**Aditi.Shrivastava1**  
@timesgroup.com

**Bengaluru:** Uber has resumed its bike taxi pilot UberMOTO in Bengaluru after giving the service a different coat of paint — ‘bikepooling’ — and promising not to charge the rider any commission till regulations for the service are framed by transport authorities.

The ride-hailing app is trying to present UberMOTO’s comeback as a public good after incurring the wrath of the state government, which ordered a shutdown of the service that was launched on March 3.

“UberMoto essentially encourages ‘bikepooling’ and will help in decongesting city roads,” the company said in a blog post on Friday.

“In the spirit of collaborating with the government, we have had extensive discussions with the relevant authorities over the past few days. Uber will not charge any service fee for the period of this pilot,” it wrote.

The logic is that by not charging the 20% commission, UberMOTO becomes a zero-profit service akin to carpooling thus eliminating the need for additional permits. “It is our hope that this product will cut travel time considerably and give people the option to ditch car travel for short distances,” Uber said.

After the pilot, Uber said it will prepare a report addressing viability of the product and share it with the transport department to help draft laws.

The company’s rival Ola, which too launched its bike service on the same day, has temporarily removed the option from its mobile app.

“Bikes are the best transport for developing countries as it provides point-to-point connectivity at a very economical price,” said Jaspal Singh, founder of Valoriser Consultants.

According to estimates by the state transport department, Karnataka’s capital had 3.8-million two-wheelers, including motor bikes, scooters and mopeds, compared to 1.1-million cars as of March 2015.

Experts said that while transport authorities are opposing the bike taxi service because of safety concerns, solutions are possible. “There is a need to educate the government,” commented Singh.

**India is one of the largest markets for two-wheelers, with sales more than doubling to 16 million in 2015**

# Ola completes \$500 million fundraise as race with Uber gains traction

By [Aditi Shrivastava](#), ET Bureau | 19 Nov, 2015, 06.50AM IST

[Post a Comment](#)

BENGALURU: [Ola](#) has completed its \$500 million (Rs 3,300 crore) fundraise, acquiring crucial additional horsepower to surge ahead of [Uber](#) just as the US rival was gaining in on India's largest [cab](#) aggregator.

Ola, which recently also ventured into grocery delivery and electronic payments, is now valued at \$5 billion, a top executive and two investors in the company said.

ET was the first to report on July 28 that Ola was seeking to raise \$500 million. The company was then valued at about \$2.5 billion after it raised \$400 million in April. A significant investor in Ola's latest fundraise was China's biggest taxi aggregator [Didi Kuaidi](#), which is building a global alliance against Uber.

Uber is the world's most valuable startup with an estimated worth of about \$50 billion. Ola also raised money from UK based fund [Baillie Gifford](#) and existing investors [Falcon Edge Capital](#), [Tiger Global Management](#), [SoftBank](#) and [DST Global](#).

Ola dominates India's online [taxi booking](#) market after expanding rapidly in the past year to build operations in more than 100 cities. But nearly 90 per cent of its revenue comes from about 20 cities including Delhi, Mumbai and [Bengaluru](#) where Uber is fast closing the gap with it, both in terms of rides per day and number of taxi drivers, ET reported on November 3.

Uber is also set to invest \$1 billion in India, its largest market outside the United States, by April, the company said in July.

"Given the inroads that Uber has made, Ola should ensure that their attention is focused on the core market first," said [Kartik Hosanagar](#), professor of internet commerce at The Wharton School of Business. "Next, they should prioritise the new initiatives as soon as possible and close some of the ones that are not taking off right away."

Uber declined to comment.

Ola said it will use the latest funds to grow its core taxi-booking operations as well as its new businesses. "As we pursue our mission to build mobility for a billion people, we are excited about bringing onboard partners who can help us get there faster," cofounder and chief executive [Bhavish Aggarwal](#) said in a statement on Wednesday. "We will continue to build for the local market through innovative solutions like [Ola Share](#), [Ola Prime](#) and [Ola Money](#), as we grow the mobile ecosystem in India."

Ola raised the money in two tranches. The first brought in Rs 1,478 crore and was led by [Falcon Edge Capital](#), which put in Rs 515 crore, and [Tiger Global](#), which invested Rs 397 crore. [SoftBank](#) put in Rs 384 crore. New investors in the first tranche included [Parkwood Bespun](#), [JS Capital](#) and Facebook Asia Vice-President [Dan Neary](#). The balance amount in the second tranche was pitched in by [Baillie Gifford](#) and [Didi Kuaidi](#).

"This (investment) will further fuel the competition in the market," said [Jaspal Singh](#), founder at [Valoriser Consultants](#), a transportation consulting firm, adding that Ola has to expand its service portfolio as the growth of India's taxi market is slowing.

"In terms of funding, Ola is at third place after Uber and [Didi Kuaidi](#). This also reflects the market importance — US, China and India," he said.

Ola requires capital for its several new businesses. In the past year, the company added food-ordering, grocery delivery, a shuttle bus service and electronic payments — each sector having its own flagship startups. In grocery delivery, [BigBasket](#) and [Grofers](#) are among the largest; companies like [FoodPanda](#), [Swiggy](#) and [TinyOwl](#) lead in online foodordering; [Shuttl](#) and [Cityflo](#) already operate bus services;

## RELATED VIDEO



Ola raises \$500 million from Tiger Global, others



Ola said it will use the latest funds to grow its core taxi-booking operations as well as its new businesses.




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and in payments are Paytm and MobiKwik.

In the core taxi-booking business, Ola and Uber now have about 2,50,000 drivers each in India, not counting the black and yellow street taxis in Mumbai or the yellow taxis in Kolkata.

The dominance of Ola and Uber has shut the doors for anyone else who might be seeking to enter the taxi-aggregation business, also due to the huge amounts of capital they have raised. Uber has raised \$8.21 billion from more than 50 investors including Google Capital and Goldman Sachs. Ola has raised \$1.3 billion till date.

San Francisco-based Uber was seeking to raise about \$1 billion at a valuation of \$60-70 billion, The New York Times reported in October citing unnamed sources. Lyft, Uber's main competitor in the US and a part of the Didi Kuaidi-led alliance, is seeking to raise about \$500 million at a valuation of about \$4 billion, the publication reported on November 17.

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**QUICK RIDE** One on One, a city-based startup, is planning the initiative with 50 bikes in its first phase

# Stuck in Traffic? Bike Taxis may Come to Your Rescue

Athira.Nair@timesgroup.com

**Bengaluru:** After radio taxi, rent-a-car and rent-a-bike services, Bengaluru will soon have bike taxis too. One on One, a city-based startup is planning the initiative with 50 bikes in its first phase, starting September.

Bike taxi services – which are popular in Europe, Latin America and Southeast Asia – are targeting working class commuters as well as tourists in India's Silicon Valley.

One on One cofounder Hemant Kumar said they will release more bikes every month – targeting a total of 300. “Complete with GPS tracking

system, this round-the-clock service will have male and female drivers, with same-sex-drivers’ policy. Women will ride Honda Activa, while men will use bikes that give good mileage,” he said. The four-member founding team plans to use internal resources to start with.

Additional Commissioner for Transport, HG Kumar, told ET that the bike taxi service must comply with a dozen conditions, including drivers to be trained in driving schools which are licensed for training drivers for transport vehicles. (Driving schools will now have to apply for licence from the Transport Department to teach two-wheeler driving for transport vehicles, none



has been authorised for it so far.)

Transport department will also issue badges for the bike taxi drivers. “The two wheelers will have digital meters,” HG Kumar added. The department is likely to keep the fares below that of auto rickshaws. The regulations restrict bike taxi service to city limits only.

Bike taxis, like auto rickshaws, will function under the Contract Carriage licence. With taxi aggregator services often in trouble for issues on operator license, and the City Taxi Service Scheme 1998 about to be amended by the government, One on One is developing a “hybrid model”, which will be customisable in case of changes in law, according

to Hemant Kumar.

Independent analysts see bike taxis as a virgin market with potential to grow in Bengaluru.

“Business executives in Paris hire bike taxis for reaching airport fast through traffic. Taxi cabs are still out of reach for a huge majority, and bike taxis will be more affordable for a larger number of people,” said Jaspal Singh, cofounder of Valoriser Consultants, a consultancy engaged in providing market research services for transport operators.

Delhi government too is planning ‘rent-a-motorcycle’ service while Gurgaon will allow bike taxis only for individuals.

# Now, Taxis on Two-Wheels for City Commuters



Bengaluru will soon have bike taxis. One on One, a city-based startup, is planning the initiative with 50 bikes in its first phase, starting September. Bike taxi services are targeting working class commuters as well as tourists.

# After Ola & Uber Success, Bus Aggregators to Take the Wheel

Startups such as rBus, Shuttl & ZipGo attracting investor attention

Madhav Chanchani  
& Aditi Shrivastava

**Mumbai | Bengaluru:** After Ola and Uber disrupted the taxi-booking market, a new set of startups is looking to transform how you commute by bus, forcing investors to take notice.

Emerging companies such as rBus, Shuttl, ZipGo and Cityflo have begun providing shuttle services, including to business hubs such as Bandra Kurla Complex in Mumbai, allowing commuters to book seats in AC buses either online or via mobile apps.

Experimenting with Biz Models ▶▶ 19

## Gearing up for Road Ahead



Startups across  
Delhi-NCR, Mumbai  
and Bengaluru

Ola also entering  
space with plans to  
invest \$20-25 m

Over half-a-dozen VCs betting on space

### Player & Funder

<b>rBus</b> India Quotient, Anupam Mittal	<b>Cityflo</b> IDG Ventures, Nexus Ventures*
<b>Shuttl</b> Sequoia	<b>ZipGo</b> Orios Venture Partners*

\*Talks on

# Bus Startups Experimenting with Various Models

▶▶ From Page 1

RBus, which currently plies on seven routes in Mumbai, recently raised an undisclosed amount from seed-stage fund India Quotient and angel investor Anupam Mittal.

Ola, India's largest cab aggregator, too, is preparing to invest ₹120 crore-₹150 crore to launch a bus service, all of which has attracted leading investors including Sequoia Capital, Nexus Venture Partners and IDG Ventures to this fledgling sector.

The market for bus services is much larger than that for taxi-booking (which is estimated to be ₹60,000 crore), said Mittal, an early investor in Ola. There is a very large and growing population of commuters who would rather not deal with the hassle of parking if a reliable daily commute is available, he said.

Delhi-based Shuttl secured about \$3 million (₹19.5 crore) from Sequoia Capital and angel investors and ZipGo is in talks to raise funding from Orios Venture Partners, according to sources familiar with the developments. Cityflo, founded by IIT-Bombay graduates in June, is also discussing with Nexus Venture and IDG Ventures for its maiden funding round.

Still in their early stages, these startups are experimenting with various business models. While RBus and Cityflo target long-distance commuters, primarily office-goers, Shuttl operates in re-

stricted areas such as within Gurgaon, collecting payments through its app.

"All we are doing is enabling individuals come together and design their own buses," said Siddharth Gupta, cofounder of Rbus, which currently transports more than 250 passengers every day to and from Bandra Kurla Complex over 40 trips. Rbus charges ₹500 for 10 rides a week, for which it has tied up with chartered bus operators. The startup recently launched a mobile application for existing customers; it will be available to all by September. "Aggregating buses is a very cash intensive business," said Jerin Venad, cofounder of Cityflo. "We guarantee an air-conditioned, seated travel and an app to book our service on demand and on subscription," he added.

The company, which began operations a month ago, runs on 14 routes and caters to more than 200 people in Mumbai.

"We have picked up business locations and residential complexes. By running buses to these corridors we are catering to a lot of people who don't have a comfortable option to get to work," said Venad. Several investors are still waiting to see which of these business models are likely to sustain before putting in their money.

"My view is that the premium segment is more attractive because it is extremely tough to compete with the government's pricing for public transportation and make unit economics work in the affor-

dable segment," said SAIF Partners principal Mukul Arora, who is evaluating deals in the space.

Buses are a prime mode of travel in India, with about 1.5 lakh buses transporting some 70 million people every day, according to industry estimates.

Traditional bus operations are built around routes fixed by state agencies and private buses typically catering to employees of specific companies. "Public transport has not kept up with new business centres coming up across metros, which has created a vacuum and need for these kind of services," said Prahlad Tanwar, director for transport and logistics at KPMG.

Even globally, the bus aggregation model is in its early stages — China's largest cab aggregator Didi Kuadi launched a shuttle service in July — and could run into challenges. Services like UberPOOL, a car-pooling service launched by Uber in the US, are seen as competing models. And industry experts warn that regulatory hiccups may pop up if state transport boards and private bus contractors raise a fuss.

"Threat from models like UberPOOL; ability to offer attractive pricing in the premium segment as compared to the cost of driving a car; building enough density to make it convenient on day 1... are some of the challenges that players will need to overcome," said Arora of SAIF Partners.

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# Taxi aggregator Uber picks up pace narrowing gap with Ola

BY SHASHWATI SHANKAR, ET BUREAU | AUG 14, 2017, 08.00 AM IST

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BENGALURU: While the world's largest [ride-hailing service](#) was battling a crisis at its headquarters in San Francisco, [Uber](#) was riding a growth spurt in India.

The [taxi aggregator](#), which recently completed 500 million trips in India after four years in the country, said it achieved 9.4 million trips a week in July. In August last year, Uber was clocking 5.5 million trips a week. With this surge in trips, Uber appears to be fast narrowing the gap with market leader [Ola](#) — although analysts estimate the Indian company with its higher average fares still has an edge in terms of revenue.

Breaking the numbers down further for comparison, Uber handled 1.3 million rides a day in July across the 29 Indian cities it operates in, including its shared cab rides, senior company executives told ET. Ola didn't share trip numbers.

"In the last 12 months, we as a firm have been focused towards driving efficiencies and improving the overall product experience, while strengthening our engagement with riders and driver partners across the country," an Uber spokesperson said by way of explaining the company's growth in India.

Uber said it has 450,000 registered drivers on its platform — of whom 285,000 were active in July — while a spokesperson for Ola said the company had 800,000 driver partners. "Ola continues to be the market leader in the [ride-sharing](#) industry. We are constantly growing our wide range of made-for-India categories... across and beyond the 110 cities we are present in," Ola's spokesperson said.

During the past year, both cabhailing applications have had troubles with drivers whose incentives and salaries were dramatically reduced, resulting in strikes and drivers defaulting on their bank loans. ET had reported in April that State Bank of India had seen a .`60 crore loan default in Bengaluru alone and had stopped disbursing loans to Ola drivers in the city, with analysts estimating that several other banks were also experiencing loan defaults.



In terms of usage of the mobile applications of Ola and Uber, the gap is narrowing.

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### Apps Ape Competition

They included ICICI Bank, Mahindra Finance and Tata Motors Finance According to research firm Red-Seer Consulting, both cab hailing applications have reduced driver incentives by 30% to 40% in the quarter ending March 2017, the cut was apparently done to focus on unit economics.

"Together we see that both Ola and Uber are doing around 70 million trips a month.

"Even though Uber is prevalent in 29 cities and Ola in 110 cities, a majority of their trips come from the top 30 cities and they contribute 90% to 95% of the both the companies revenues.

“Delhi alone is contributing 10-12% of the trips, followed by Mumbai, Bengaluru, Chennai, Hyderabad and other cities.

“A vertical that is working for both the companies is the car pooling features UberPool and Ola Share, that individually contribute to 25% of both the players rides,” said Jaspal Singh, partner at Valoris Consultants.

Earlier this year, Uber chief executive Travis Kalanick was asked to step down, days after Emil Michael, who was senior vice president of business, and Eric Alexander, who was heading the Asia-Pacific business, left as the San Francisco-based company battled a wave of scandals.

From regulatory hurdles to allegations of widespread mismanagement and a toxic workplace culture, especially since former employee Susan Fowler wrote about her work experience at Uber in a blog post about the company. In terms of scandals in India, senior executive Alexander had been fired for obtaining medical reports of a woman who had been raped by a driver on the Uber network in December 2014 in New Delhi.

In terms of usage of the mobile applications of Ola and Uber, the gap is narrowing.

As per an analysis of active app users by San Francisco-based mobile data analytics firm App Annie, Ola remains the market leader with a 52-53% share over Uber's 46-48% share in India. Ola had 5.9 million monthly active users on its app and Uber, 5.5 million in May, App Annie's data show. That month, 57% of Uber users and 43% of Ola users opted for shared rides.

“The gap has been slowly closing between the two cab-hailing companies during the last 12 months,” Lexi Sydow, senior markets insights analyst at App Annie, said recently during an interaction with ET at the firm's San Francisco headquarters. “Ola would have seen around 20 million combined iOS and Google Play downloads in India, whereas Uber saw around 30 million combined downloads.

“Even average session times for Uber users (on the app) has been high or going up during the last year.”

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# Ola on State notice, ends surge pricing

By Aditi Shrivastava & K R Balasubramanyam, ET Bureau | 21 Mar, 2015, 11.30AM IST

India's largest taxi aggregator Ola has agreed to put an end to surge pricing after the city transport department served a notice alleging the company of irregular and illegal pricing, according to two officials directly involved.

Ola's office was raided in [Bengaluru](#) on Thursday after receiving complaints from consumers on the peak hour cess that the company charges following which the transport department served a notice on the cab aggregator.

"We came across a few irregularities in their operations. For example, our regulations don't allow charging differential like peak hour and offpeak hour fares to customers. They can collect a higher fare only during night hours. We have issued a notice asking Ola to comply with the fare schedule," Transport [Commissioner](#) Rame Gowda told ET. The department officials said they conducted inspections on Ola on Thursday as part of routine checks.

"The surge pricing mechanism was on beta mode and it has been put on hold after the checks," according to a top official at Ola. ET did not receive an official response from Ola till the time of press.

Surge pricing is a time-sensitive pricing mechanism that companies claim balances supply and demand by multiplying fares when demands are high, thereby attracting more drivers on the platform. Uber had pioneered the use of surge pricing since its inception. Uber's move has now come under fire for charging extra fares during critical emergencies. The development comes as Ola had just acquired main rival [TaxiForSure](#) for \$200 million.

The Mumbai-headquartered company is also currently in talks to close an additional \$400 million in funding led by DST Global.

Even six months ago, when Ola, Uber and TaxiForSure were competing aggressively for market-share, drivers were being lured onto the platform with large bonuses while passengers were being pampered with discounts.

With Uber's momentum being halted after its suspension in Delhi following the alleged rape of a woman passenger in December, and TaxiForSure being bought by Ola, competitive intensity has declined substantially.

Jaspal Singh, founder of Valoriser Consultants that specialises in the transport trade, said competition has helped expand demand and supply of taxi services in the past year. Therefore, it is important for "good" competition to optimise pricing and bring about innovation, he said. A fallout has been that drivers on the Ola network are irritated. Last week, several drivers approached the Telangana State Human Rights Protection Organisation, alleging that they had been cheated into leaving their jobs by Ola's lucrative incentive packages, which have now been slashed.

Ola had been offering rides at 3km in Bengaluru as low as for [Ola Mini](#), which has now been raised to more than Rs 10 km with a base rate of Rs 100. Uber is however still going strong on its rider benefits, further cutting prices and doubling referral bonuses over the past month.

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Ola's office was raided in Bengaluru on Thursday after receiving complaints from consumers on the peak hour cess that the company charges.

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# Say Ola to Two New Cab Rides

Customers can now book a cab for inter-city travel as well as rent a cab on an hourly basis

**Aditi.Shrivastava1**  
@timesgroup.com

**Bengaluru:** Ola, the country's largest taxi-hailing company, has expanded into two new categories this month — outstation and rental — in a bid to complete all use cases for transportation. With outstation, a customer can now book a cab for intercity travel, two hours in advance on the Ola app. Rental enables customers to rent a car on an hourly package basis instead of point-to-point pick up and drop, which is Ola's core business.

With the two new launches, Ola now has a bus service called Ola Shuttle, an auto service, carpooling, a corporate offering and five categories of on-demand cab service from low-cost Mirco to luxury-like BMWs.

Experts say Ola has changed its strategy from focusing on a horizontal expansion model and the move



will help it reach its mission to reduce car ownership, given that it can sustain supply for these services at scale. "The company may launch self-drive or on-demand drivers in future," said Jaspal Singh, a transport analyst at Valoriser Consultants. "The company has a dedicated user base of people who are using the taxi service so it is easy to sell these services to commuters," he added.

## WIDE ROAD

Ola now has a bus service, an auto service, carpooling, a corp offering and five categories of on-demand cab service

The move contrasts with arch rival Uber, which is focussing on expanding its low-cost category, UberGo, and Share in the 26 cities it is present in. Ola is operational in more than 100 cities.

Ola's aggressive push to win customers comes after Uber was closing in on the company's numbers last year, by splurging on driver incentives and customer discounts.

Ola is relying on its understanding of local dynamics and is creating solutions specifically for the Indian market to maintain its lead.

ET had reported in March that SoftBank-backed Ola was restructuring its business to step up focus and investment in its core taxi service after pulling down the shutters on experiments such as food and grocery delivery.

Since then, it has not just launched new categories to widen its scope of offerings but also paid attention to improving customer experience, such as by providing free WiFi to customers of its premium Prime service. The company is also working closely with China's Didi Chuxing, which picked up a stake in Ola last year, on how to beat Uber.

Earlier this month, Uber raised \$3.5 billion (about ₹23,000 crore) from Saudi Arabia's sovereign wealth fund, and said it will continue to invest in India to increase its pool of drivers, improve technology and add categories such as bike taxis. Bennett, Coleman & Co, the publisher of this newspaper, holds a minority stake in Uber.

LAUNCH IN 2 MONTHS

# Just Don't Say Bus! Ola to Start Rides on Demand

## A Bigger Ride



Ola currently serves taxis and autos on its app

Sundeep Sahni, Ola's head of new initiatives, is leading the launch

### THIS HELPS OLA TO

INCREASE the user base

COLLECT data of passengers that can be used for analytics

CREATE new business line for the company

Co to aggregate tourist and chartered buses

Aditi.Shrivastava1  
@timesgroup.com

**Bengaluru:** Taxi app Ola is preparing to offer shuttle bus services for urban commuters by aggregating tourist and chartered buses on its platform, according to two people privy to the company's plans to emerge as a complete urban transport solutions provider.

Ola — one of India's 'unicorn' startups estimated to be worth about ₹15,700 crore, or \$2.5 billion — expects to launch the bus service in the next two months with the Ola Bus feature integrated into the company's app, allowing riders to choose between cabs, autos and buses.

# Bid to Expand User Base

►► From Page 1

"Much like how disruption happened in the taxi space, Ola will not own any buses but use available tourist and chartered buses to aggregate supply," said a senior company executive. "Passengers will be able to make bookings by entering the desired destination and time preference; the app will then indicate the closest bus with available seating."

The Bengaluru company has tasked Sundeep Sahni, a vice-president for new initiatives who joined just this month, with leading the rollout. Sahni earlier cofounded ecommerce company Lazada.

"Ola is focussed on building mobility for a billion people," said Bhavish Aggarwal, the cofounder & CEO of Ola, in a statement. He declined to discuss specifics of the new initiative.

Ola, which has so far raised about \$700 million in funding from marquee investors including Japan's SoftBank and Russian billionaire Yuri Milner's DST Global, competes with Uber, the world's most valuable startup.

Experts are of the view that Ola's entry into the bus transport category is aimed at expanding its user base and boosting revenue, as it looks to attract more investors to fund aggressive growth.

The five-year-old company — founded by IIT-Bombay graduates Aggarwal and Ankit Bhati — is estimated to clock a revenue run rate of around \$450-500 million, and is aiming for gross revenue of \$1 billion by the end of 2015.

"They started with taxis and moved to autos. The company

wants to establish itself as a transport technology platform rather than be dependent on one mode," said Jaspal Singh, cofounder of Valoriser Consultants, a market research firm for transport companies.

### PRIME MODE OF TRAVEL

Buses are a prime mode of travel in India, with about 1.5 lakh buses transporting some 70 million people every day, according to industry estimates. In comparison, 23 million people travel by train.

Ola's move into this business is expected to deliver on multiple fronts — increase the user base and boost its database of passengers to expand intercity services or shared taxi services.

Last week, Chinese cab company Didi Kuaidi, which is backed by Alibaba, announced the launch of Didi Bus, an on-demand bus service utilising unused capacity of licensed operators. Starting with Beijing and Shenzhen, Didi Bus will initially be operated via messaging app WeChat. Additional sources of revenue are expected to include advertisements and value-added services.

In a bid to diversify its business, Ola has ventured into several new categories including food and grocery delivery. The company is currently working on several new initiatives, including carpooling, ecommerce on-demand deliveries and logistics.

Ola's spurt in revenues has been aided by its acquisition of rival TaxiForSure in March.

"The final details are still in the works and may change closer to launch," said a company executive.

# Ola Eyes \$1-Billion Gross Revenue by Next Quarter

## Ola's Road Map

### FUNDING

**\$700 million**

Amount received

**\$400 million**

Amount received last month

- Getting ready for a fund raising round

### VALUATION



**\$2.4 billion**

Valuation in last round of funding



**\$10 billion**

Valuation expected in a year

### AIMS

Expand in small towns, cities

Aims to clock 5 lakh trips daily

Hopes to reach \$1-billion revenue target in 3 months

May become 3rd Indian startup after Flipkart & Snapdeal to cross the coveted milestone

**Aditi Shrivastava & Madhav Chanchani**

**Bengaluru:** Cab aggregator Ola expects to notch up gross revenue of \$1 billion (₹6,364 crore) by the next quarter, which will make it only the third Indian startup after online marketplaces Flipkart and Snapdeal to cross the coveted milestone.

The Bengaluru company, which acquired rival TaxiForSure in March, is expanding rapidly in smaller town and cities and aims to clock 5 lakh trips every day in the next three months to reach the \$1 billion revenue target, according to three executives who spoke to ET on the plans.

"\$1 billion run rate looks achievable in the next quarter," said one of the senior executives. According to one of the persons quoted above, Ola, which raised \$400 million (₹4,456 crore) last month led by Russian billionaire Yuri Milner's DST Global and is preparing for another round of fund raising that could close in the next four months.

"In the next 12 months it will be a \$10-billion (₹63,640 crore) valuation company," the source said. A spokesman for Ola declined to comment on the developments.

The four-year-old company was valued at \$2.4 billion in its last round of funding. It has so far received around \$700 million in funding from a slew of marquee investors, including Japan's Softbank, Tiger Global Management, Matrix Partners, Steadview Capital, Falcon Edge and GIC Singapore.

Experts are of the view that with China's internet market maturing, top Indian startups are gaining attention from global investors. "Billion dollar run rates (for Indian startups) are fuelling the imagination of the largest global investors and convincing them that India is the next market in which to deploy massive amounts of capital," said Kartik Hosanagar, who teaches internet commerce at the Wharton School of Business.

Ola, which currently has revenue run rate of around \$450-500 million, will need to maintain its rapid pace of growth, estimated at over 10% every week, even as it expands to 200 cities in the coming months. The company sources that ET spoke to said both Ola and TaxiForSure together clock up about 2.3 lakh trips per day.

People familiar with the thinking of the company told ET that boosting growth and revenue will be critical for Ola, as it seeks to raise nearly \$550 million in its next round of financing. "The only reason technology companies get (high) valuations

that can be close to 5-10 times revenues is because of their growth rate," said Hosanagar. Ola's spurt in revenues is being aided by the rapid growth being registered by TaxiForSure — which has doubled revenue in the two months since it was bought by Ola. Earlier this month, TaxiForSure announced that it completed 10 million rides.

Ola is also expecting a revenue spurt from new services such as delivery of food, which it introduced earlier this year. The company is also looking at tapping into the grocery business and is currently training about 90 delivery boys in Bangalore to launch the service.

**Ola is also expecting a revenue spurt from new services such as delivery of food**

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# Ola expands into two new categories - outstation and rental

By [Aditi Shrivastava](#), ET Bureau | Jun 21, 2016, 04.50 AM IST

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BENGALURU: Ola, the country's largest taxi-hailing company, has expanded into two new categories this month — outstation and rental — in a bid to complete all use cases for transportation. With outstation, a customer can now book a cab for intercity travel, two hours in advance on the [Ola](#) app. Rental enables customers to rent a car on an hourly package basis instead of point-to-point pick up and drop, which is Ola's core business.

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Since then, it has not just launched new categories to widen its scope of offerings but also paid attention to improving customer experience, such as by providing free WiFi to customers of its premium Prime service. The company is also working closely with China's [Didi Chuxing](#), which picked up a stake in Ola last year, on how to beat Uber.

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# Focus on Micro, New Cities Keeps Ola in Pole Position

Higher-end categories – Ola Prime and Ola Lux – have also seen very good response

Aditi Shrivastava  
& Madhav Chanchani

**Bengaluru:** Ola spent much of the past six months strengthening its core, adding a breadth of services and forging ties with an Uber-beating giant. And, according to investors and consultants tracking the sector, it's working.

Ola has been able to extend its lead over a fast-gaining Uber by adding both low-cost and luxury-ride categories, increasing focus on customer experience as well as onboarding China's largest taxi-hailing service Didi Chuxing as an investor, they said.

Ola's aggressive push to win back customers became pronounced in February with the launch of a new lower-fare category, Micro, and expanding to another 75 cities, further heating up its war with Uber that was rapidly closing in with its own ride-sharing and low-fare services. "Micro has proved the need for a pocket-friendly economical AC cab ride in small and large markets alike," a spokesperson for Ola said in an email. "Ola's higher-end categories Ola Prime and Ola Lux have also seen phenomenal response from discerning users."

At least 75% of 'Micro' customers are first-time users of air-conditioned taxis, the spokesperson said. 'Micro' is cheaper than Ola's previous lowest-fare service, Mini.

Between them, Ola and Uber handle an estimated 1 million-1.2 million rides a day, leaving little room for other taxi operators. Ola, with 550,000 drivers registered on its platform, says it commands 70% of the



PHILIP VANDYKE (ATTRIBUTED TO), BRONX QUAY

market; Uber says it has a 50% share. Both the companies are basing this on rides completed but haven't been able to corroborate their market-share claims. Enough data isn't publicly available to independently verify the numbers.

"A few months ago the gap (between Ola and Uber) was closer, but Ola has stepped up focus on its supply and customer experience, maintaining its lead," said an investor in Ola, declining to be identified.

In March, ET reported that SoftBank-backed Ola was restructuring its business to step up focus and investment in its core taxi service after pulling down the shutters on experiments such as food and grocery delivery. Since then, it has not just launched new categories to widen its scope of offerings but also paid at-

## RIDE WARS

### Ola claims it commands 70% of the market while Uber says it has 50%

attention to improving customer experience, such as by providing free WiFi for customers of its premium Prime service.

It also has been aggressively investing in its taxi leasing business, a key area of focus for CEO Bhavish Aggarwal.

"Leasing is becoming important over the long term because that's how one can lock in supply without giving incentives (to drivers)," said a person familiar with the development. Both Ola and Uber use up a

significant portion of the money raised from investors on offering large incentives to drivers much above the fares they earn.

Ola is taking lessons from Didi on how to battle Uber, the world's largest taxi service. Didi not just dominates over Uber in its home market but is also leading a global alliance against it. Ola is a part of this alliance and its founders Aggarwal and Ankit Bhati visited Didi in China in February to formulate a strategy to take on Uber, according to people aware of the development.

Uber's strategy in price-sensitive India has been to go low-cost. "We have shut down (the premium) Uber Black and Uber XL in many cities," Uber India head Amit Jain told ET in an earlier interaction.

Uber declined to comment for this story. The BCCL Group, which publishes The Economic Times, holds a minority stake in Uber.

"Ola is fully aware that it can't afford to lose market share," said Ja spal Singh, founder of transport-focused Valoriser Consultants. "It will be difficult for them to get it back. Uber has a strong financial platform and is putting money (into India) aggressively."

While Ola has cash to sustain another 24 months, according to two sources who chose to be unnamed, the company has initiated internal discussions to raise a fresh round of funds. "Ola is back in the market to raise money at a \$4.5-billion valuation (unchanged from its current pre-money valuation)," one of them said. "Didi will participate in this round. The amount (being raised) maybe between \$500 million and \$700 million."

# TaxiForSure Plans Hiring, Discounts Strategies to Spread Customer Base

With a stronger focus on growth, the cab aggregator is recasting operations & moving away from fundraising

Aditi.Shrivastava1  
@timesgroup.com

**Bengaluru:** Cab aggregator TaxiForSure, which is competing with parent Ola and San Francisco based startup Uber, for a larger share of the Indian taxi app market will hire more people and offer aggressive discounts to passengers in the coming month according to a top company executive.

The Bengaluru startup that was acquired by market leader Ola in March will hire 150 engineers this quarter and launch a new mobile application, as it recasts operations with a new chief executive Arvind Singhal, following the exit of founders Aprameya Radhakrishna and Raghunandan G from the four-year old company.

"The (focus) is now on growth and customer acquisition with (moving) away from activities like fundraising," said Singhal an IIT-Bombay graduate who was earlier a director for marketing at McDonald's. With chief technology officer Amitava Ghosh and chief hiring officer Hari TN along with other senior executives in finance also leaving the company, the startup has seen a spate of

## The Ride So Far

**MARCH**

Ola bought TFS. Now plans 20 m customer base

TFS recasts ops with a new CEO Arvind Singhal

**44,000**

drivers are on its network at present

Ola will use a fourth of the fund to grow TFS' brand and reach

**₹2,500 crore** Fund raised by Ola last week from DST Global, Singapore's GIC and Falcon Edge Capital

**INDIAN TAXI MARKET**



**₹54,000 cr** Estimated worth  
**4-6%** Organised

attrition, which Singhal termed as "natural" when firms merge. Singhal will report directly to Ola's chief executive Bhavish Aggarwal.

Last week Ola announced that it had raised ₹2,500 crore or \$400 million from DST Global, Singapore's GIC, and New York-based hedge fund Falcon Edge Capital. A fourth of the capital is expected to be used to grow TaxiForSure's brand and reach. "We are working very closely and applying a lot of learning from Ola especially in the product and marketing team," said Singhal.

**ARVIND SINGHAL**  
Chief executive at TaxiForSure

We are working closely and applying a lot of learning from Ola, especially in the product & marketing team

TaxiForSure is one fourth the size of Ola which has about 44,000 drivers on its network. Ola's Bhavish Aggarwal declined to comment for this story.

These moves come at a time when the combined entity of is bracing for increased competition from Uber, one of the world's most valuable startups, which is in final stages of hiring a chief executive for Indian operations.

Singhal said his plan to reach about 20 million customers through TaxiForSure will come at a price.

"I don't see discounting coming down for at least one year. Discounting is required to ensure customers keep coming into the category, and as category leaders, we have to drive that change," Singhal said. "Profit is not the focus for us."

India's taxi market is estimated to be worth about \$9 billion (₹54,000 crore), of which only 4-6 % is organised.

Experts are of the view that there will be further consolidation of the taxi market. "The smaller players will be working with bigger players and will continue to keep their individual brands," said Jaspal Singh, cofounder of Valoriser Consultants, which provides market research services for transportation companies.

"The bigger players will increase focus on corporate business and employee transport segment," he said.

# New-Age Taxi Drivers Head to Finishing School

Cabbies these days are expected to know smartphone basics, be courteous to passengers and also be well-groomed; training is inevitable as taxi services providers face competition

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**BANGALORE:** Gone are the days when being a taxi driver meant just having a commercial driver's licence. Cabbies these days are expected to know smartphone basics, be courteous to passengers and also be well-groomed.

But a limited talent pool and the mushrooming of new players in the industry have made training inevitable. Taxi companies like Olacabs, Meru Cabs and Carzonrent invest heavily on training drivers to make them technology savvy and customer friendly, among other things.

This is having an impact on the drivers. Take the case of Nagaraja (no second name), for instance. The 36-year-old has been a driver for more than a decade now, but it's only at Olacabs that he realised the importance of softskills and being courteous.

"I was always a taxi driver but I was not taught small things like opening doors for passengers, greeting them, dressing well and being helpful," said Bangalore-based Nagaraj. "I realised that if I do all of this customers treat me with much more respect."

It has also helped increase his monthly income from ₹15,000 to ₹25,000. Earlier he used to log in to Olacabs' system at about 9 am in the morning. But during his training he was advised to log in about 4 am when demand for airport rides are at their peak.

"It's helped me in my personal as well as professional life," said Nagaraj. "From what time to report on duty to how to talk to the customers, everything has been taught to me."

RM Shankaraiah's story is similar. He had owned a juice shop on Bangalore's MG road before construction of the Metro forced him to shut shop. That was when Shankaraiah decided to join Meru. "I has absolutely no clue on how to deal with customers," he said. "It was all taught from scratch. Everything from how to talk on the

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Shankaraiah's said Meru has helped him improve his personality as well. "Today even in my personal life I am very courteous and respectful. I have learnt to dress well, talk properly," said the 32-year-old.

Taxi companies typically have one-week programme to tutor drivers in softskills and instill a sense of dignity about their jobs before they allowed to drive for them.

"In India, driving is a profession out of compulsion and not out of choice," said Ram Badrinathan, founder of GlobalTHEN, an on-the-



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job training academy, which focuses on driver modules. "The need of the hour is to make the drivers feel that they are an important cog in the wheel of the society."

Taxi companies agree. "We have psychological training and grooming sessions for our drivers where we teach them how to dress and talk, among other things," said Rajiv Vij, managing director of Carzonrent, adding that it not possible to supervise drivers all the time. "The performance of a driver is shared with them on a daily basis through mobile messages. For drivers who have any particular negative feedbacks, we carry out emergency training sessions." Delhi-based Carzonrent has more than 8,000 driver partners and spends about ₹1 crore annually on training.

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A huge part of the training drivers at Ola also goes into sessions on road safety, personal hygiene, customer feedback and first aid.

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Anand Subramanian, head of marketing communications at Olacabs, said his firm has a team of 50, who are well versed in regional languages, which works closely with drivers. Olacabs, which has more than 1,500 drivers in its fleet, spends about ₹10,000 annually on each of its drivers.


Meru set up a training academy in 2007 and since then provides psychological training, customer etiquettes classes, traffic rules awareness sessions, defensive and safe driving classes, among other things, to its new drivers using videos and role-plays by seasoned chauffeurs.

"Special emphasis is given for dealing with women passengers like maintaining at least 2 feet distance, not adjusting the rear view mirror while ferrying a woman passenger, etc.," said Siddhartha Pahwa, CEO of Meru Cab, which has 10,000 drivers in its fleet.

Taxi hailing app Uber too has a one-day training and onboarding process, where the drivers learn how to use the smartphone and read maps. "This involves educating them on how to use our partner dashboard and access emails for communication," said Bhavik Rathod, general manager of Uber Bangalore.

While most companies are making investment in driver training, there is much more that can be done. "These companies should (also) do some exchange programme and send some of their good drivers to foreign countries. This will help to create trainers to train other drivers," said Jaspal Singh, a partner at Valoriser Consultants. "There is shortage of trainers in the country."

## Shifting Gears

 India's taxi rentals market: **\$6 billion**

Registered taxis in top 10 cities: **About 5.5 lakh**



Share of taxi aggregation startups: **5%**

Growth rate of market: **20% annually**  
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**OLA**  
**15,000** Number of drivers  
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**8,000** Number of drivers  
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**MERU**  
**10,000** Number of drivers  
Amount spent on driver training: **One month of driver earning** invested back

### SKILLS TAUGHT

Psychological training 

 Using mobile technology

 Respectful behavior with women

 Safety and first aid

Behavioural and etiquette training 





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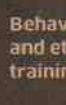
Using mobile technology



Respectful behavior with women



Safety and first aid



Behavioural and etiquette training

# Ola ups ante in online commuter market with motorcycle taxis

By *Feroz Khan*, ET Bureau | 24 Sep, 2015, 09:37AM IST

[Post a Comment](#)

NEW DELHI: [Ola](#) is preparing to launch motorcycle taxis, sources said, the latest in a string of services the company is building around its core taxi-booking business to establish its turf in India's vast online commuter market.

India's No.1 cab aggregator is also set to add a car-pooling feature on its mobile application and launch a shuttle bus service, although these and the [motorcycle taxis](#) could crash into regulatory brick walls as legal frameworks do not exist for them. Ola already runs an auto-rickshaw aggregation service.

The bike taxis will be on the lines of Indonesia's [GoJek](#), [Blue-Jek](#) and [Grabbike](#) that transport both people and goods, said a person familiar with Ola's plans. The taxi-pooling service, [OlaShare](#), has been in the works for some time, said another person aware of developments at the company.

Ola declined to respond to emails queries by ET on its upcoming features.

Ola is in the advanced stages of closing a financing round of about \$500 million (Rs 3,000 crore) that will give it significant muscle to close out rivals by expanding its car taxi service to new markets and introducing new services to corner a large share of commuters on to its platform.

The new services are also a counter to San Francisco-based Uber that is concentrating its technological and financial might on expanding in India, among its largest markets outside the United States. Uber this week announced the launch of UberPool, its car-pooling service, in India, starting with Bengaluru.

The motorcycle-taxis business "is an interesting move," said Kartik Hosanagar, a professor of technology and digital business at The Wharton School. "As of now, it should be seen as an experiment. But one with tremendous potential for Ola... However, the company would have to navigate around regulations."

Mumbai-based motorcycle-taxi company HeyTaxi, launched in June, has come under fire from the city's transport department, which has termed the service illegal. "If a four-wheeler can take a person to a place in an hour, a bike can do that in 30 minutes. There is huge need and governments should think of regularising bike-taxis," said Manoj Maheshwari, cofounder of HeyTaxi.

A top official at Delhi Transport Department said the state was framing a scheme for a motorcycle-taxi service but there were issues to consider. "As of now it will be deemed illegal. We were planning to launch such a service in Delhi but have put it on hold due to safety concerns," he said. Instead, Delhi launched a scheme for renting self-driven motorbikes in August.

Car-pooling services, too, are in a regulator grey zone. Several state governments encourage personal carpooling as a way to lessen traffic and pollution, but as a business, the service is not covered under any legal framework.

Safety is another area of concern, as riders would have to car-pool with strangers. Meru Cabs verifies co-riders with their PAN or Aadhaar numbers while BlaBlaCar mandates a social network account such as Facebook for logging in.

Experts agree car-pooling as a business has huge potential. "Currently, the average taxi fare is about Rs 13 per km. With these new features, if taxi apps can bring the fare down to Rs 3-Rs 4, a large number of two-wheeler riders will start using cabs," said Jaspal Singh, cofounder of transport advisory Valoriser Consultants.

Presently, Ola's lowest taxi offering is Ola Mini, priced at Rs 8 per km on a base fare of Rs 100 per ride in Delhi. OlaShare may halve the pricing per kilometer, and fares for the motorbike-taxi be even lower, which will help Ola significantly expand the number of users registered with it.

HeyTaxi charges Rs 7 per km on a base of Rs 20 per ride. Blue-Jek and GoJek, which operate in Jakarta, Bali and Bandung, offer rides




*The bike taxis will be on the lines of Indonesia's GoJek, Blue-Jek and Grabbike that transport both people and goods, said a person familiar with Ola's plans.*

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for as low as \$0.30 per km on a base fare of \$1.2.

Ola currently has about 2.5 lakh cabs operating in at least 100 Indian cities through its platform, besides 65,000 auto-rickshaws and black-yellow taxis. The company is expected to cross annual gross revenue run rate of \$1 billion (about Rs 6,500 crore) by the end of this year.

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## Startups to watch out for in 2017



# Uber is no match for auto-mated Ola here

BY SHASHWATI SHANKAR, ET BUREAU | UPDATED: MAY 24, 2017, 08.14 AM IST

Post a Comment

BENGALURU: For India's largest taxi aggregator that promises air-conditioned yet economical rides that would protect passengers from grime and dust, the rickety, open-sided autorickshaws have emerged a critical trump card. Ola's autorickshaw service, started nearly three years ago as an experiment, contributes about 15% of the revenue, giving the company an edge over its US-headquartered rival Uber, which failed to make a dent in the auto segment and had to discontinue the service.

The auto-rickshaw service, "is profitable for us and we have no competition in that area," Ola chief executive Bhavish Aggarwal said at a recent briefing.

Ola began a trial of its auto-rickshaw service in September 2014 in Delhi with about 50 drivers. Since then, the company has expanded the service to more than 70 cities and now has at least 100,000 autorickshaws on its platform. Ola plans to expand the fleet size to 250,000 in over 100 cities by 2018, with a focus on electric vehicles, according to company executives that ET spoke to.

Autorickshaws are more widely available than taxis in most cities and the fares are lower - Ola charges an average Rs 7.25 per km for an auto-rickshaw ride, cheaper than the average Rs 8.5 per km it charges for its lowest-fare non-share ride service, Micro. The rates differ from city to city, depending on the fares prescribed by each state government.

"For Ola, the autorickshaw service offer a competitive advantage as it has repeat and loyal customers and acts as a buffer during cab strikes," said a senior executive with Ola, declining to be identified. "Second, supply exists when it comes to autos, whereas with cabs you have to create supply. And third, autos make for less-expensive inventory in terms of earnings per hour. Auto drivers have much lower earnings expectation in comparison to cab drivers, so it is easier to keep them on the platform."

Even so, the contribution from the autorickshaw service is a distant second to that from Ola's economy taxi services, Micro and Mini, which account for 70-75% of revenue, according to company executives. Overall, Ola registered about 1.3 million daily rides in January, and Uber about 650,000-800,000 rides, according to analysts tracking the sector. "The market share for Ola stands at around 65% and for Uber at 35-40%. But Uber is following close behind, especially in cities like Delhi," one of them said.



Ola, valued at about \$3.5 billion, has raised about \$1.6 billion from investors including Japanese internet and telecom conglomerate Soft Bank, Chinese cab-hailing giant Didi Chuxing, Tiger Global Management, Falcon Edge, DST Global and Matrix Partners India.

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The end of Five-Year Plans: All you need to know



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Ola and Uber did not reply to email queries by ET.

Uber introduced an autorickshaw service in Delhi in April 2015 but suspended it eight months later. According to at least one Uber executive, the service did not succeed as the company's plan was to use it to build its supply of taxis by upgrading autorickshaw drivers to cab drivers over time.

**8,00,000**  
Daily rides on Uber in January 2017

**1.3 million**  
Daily rides on Ola in January 2017

**400,000**  
Drivers on Uber across 29 cities

**5,50,000**  
Drivers on Ola across 102 cities



"The idea was that Uber could buy cabs and lease them to the auto drivers. But most of the auto drivers thought they were not earning enough for a down-payment for a cab. Second, auto is a low-budget business; upgrading to cabs, the volume is too much to handle and the margins are too low," this executive said. Also, "this was the first time in the world that Uber was introducing cash payments when they launched the auto vertical, so there were some challenges pertaining to that."

For Ola, the advantage brought by the autorickshaw service is especially crucial given that Uber, according to [Valoriser Consultants](#) and [RedSeer Consulting](#), is seen as winning the popularity stakes in the big cities.

"When a survey was conducted, Uber appeared to be the more popular option, especially among service professionals, whereas Ola's customer base is more local," said Jaspal Singh, a partner at Valoriser Consultants. "While Ola is more prevalent in Bengaluru, in cities like Delhi that gap is closing and Uber is emerging as the more popular option."

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Uber, valued at nearly \$70 billion, is the world's most well-funded startup with more than \$15 billion raised in cash and debt.

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Market Watch

# Bumpy ride ahead for Ola, Uber as shared mobility companies face weak recovery

BY ADITI SHRIVASTAVA, ET BUREAU | JUN 23, 2020, 09.28 PM IST

Post a Comment

Bengaluru: [Shared mobility companies](#) are facing weak recovery in ride numbers, even as the economy unlocks following nearly two months of a nationwide shutdown.

The outlook for cabs, rental services, bikes and autorickshaws for the full year also looks dim, as people in cities fear stepping out due to the [Covid-19 outbreak](#).

Drop in tourism and corporate travel is also hurting shared rides.

"The biggest issue with mobility is, the moment mobility grows, the spread (of the virus) grows exponentially," said Nilesh Sangoi, former CEO of [Meru Cabs](#).

The two biggest ride-hailing aggregators, [Ola](#) and [Uber](#), have recovered only about 20% of ride volume levels seen before the pandemic hit, and the full-year estimate is at best 50%, driver associations, analysts and company insiders told ET.

"There is no demand...after waiting for 12 hours, drivers are hardly getting 3-4 bookings versus 16-20 bookings earlier," said Tanveer Pasha, president of Ola Uber Drivers and Owners' Association.

Drivers' associations in Chennai, Hyderabad, Delhi, and Mumbai have seen slower uptick, he added.

Uber said the recovery varies across city and product lines, with some cities doing better than others and its low-cost products, especially Auto and Moto, recovering faster than other categories.

An Ola spokesperson told ET in an email that it had witnessed positive growth over the past weeks, both nationally and globally, as cities open up and economic activity is restored.

"In many of the major cities that have opened up, we are already serving up to 50% rides compared to the pre-Covid-19 phase," the company said.

ET was not able to independently corroborate this from driver-partners and analysts.

Bike rental startups Bounce, Yulu and Vogo have recovered 25-30% from pre-apndemic levels.

Bike taxi Rapido has seen about 15% recovery in its core offering, although it has been the fastest to re-utilise its assets for B2B deliveries.

"During the lockdown, we witnessed the transportation and overall mobility factor come to a complete standstill. We decided to pivot our focus to accelerate our logistics business, extending our logistics to grocery businesses," said Aravind Sanka, co-founder, Rapido.

Other technology companies, including e-commerce firms Flipkart and Amazon, have seen demand recover to about 70%, while food delivery companies Swiggy and Zomato have seen an uptick to about 35-37%.

The ride-hailing industry is, however, different as it is heavily dependent on work trips during peak hours and social trips during weekends and non-peak hours. Over the last 3 months, as people started working from home and stopped moving around, it has become tough for ride aggregators.



Uber said the recovery varies across city and product lines, with some cities doing better than others and its low-cost products, especially Auto and Moto, recovering faster than other categories.

**Big Change:**  
The end of Five-Year Plans: All you need to know

impacted ones, too. Thus, until the lockdown is fully removed from these cities, things will not be better," said Jaspal Singh, co-founder of transportation consulting firm Valoriser Consultants.

Demand is expected to improve to 50-60% in the last quarter of the year, Singh said.

Bike rental company Yulu said safety from Covid-19 infections is the topmost concern for commuters.

"Users find Yulu as the safest mode of commute due to our single-seater vehicles and frequent sanitization," said Amit Gupta, its cofounder.

Yulu raised Rs 30 crore from Rocketship on Monday.

Bounce and Vogo are, however, leveraging B2B channels to generate demand.

Technology companies including Ola, Urban Company, Grofers, Flipkart, Zomato, Swiggy, Amazon and Uber are investing significant capital on safety and hygiene measures.

Ola, for instance, has committed Rs 500 crore to build over 500 fumigation centres across the country, and to train drivers.

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# Uber objects to Fadnavis' proposed regulations

By [Aditi Shrivastava](#), ET Bureau | Updated: Oct 24, 2016, 08.21 AM IST

[Post a Comment](#)

BENGALURU: Uber has raised a raft of objections to Maharashtra's draft rules to regulate ride-hailing apps, pitting itself against one more state government as its model comes under pressure in its most important markets. The San Francisco-based startup has written to Maharashtra chief minister [Devendra Fadnavis](#) detailing its complaints about the draft rules which it said will harm the interests of drivers and riders. "Some of the proposed rules, if adopted, would mean an end to the Uber that Mumbaikars know and love today," an Uber representative wrote on October 21.



The letter from Uber comes three days after the Maharashtra government made its draft city taxi rules public, including some steps towards welcoming app-based taxi companies.

Uber's gripes with the draft rules are mainly threefold — they relate to the proposed restrictions on engine capacity, price tags for permits, and pricing. With Maharashtra's draft rules, Uber and its competitor [Ola](#) are faced with potentially adverse regulatory outcomes in their three main markets— Delhi, Mumbai and Bengaluru. In all these cities the practices of app-based cab aggregators are under the scrutiny of the respective high courts and all three cities have banned surge pricing.

The letter from Uber comes three days after the Maharashtra government made its draft city taxi rules public, including some steps towards welcoming app-based taxi companies. The draft rules make no mention of the need for a physical panic button, digital meter or controls over aggregators' fleet sizes. Uber, in its communication to the chief minister, is arguing that several of the proposals will have deleterious consequences including one which requires that half the fleet consist of cars with engine capacity of over 1400 cc. Price tags for permits, which can go up to Rs 2.61 lakh, are too steep, and "the requirement for Uber to deposit Rs 50 lakh per 1,000 vehicles will make the business unviable", according to the company.

It is also arguing against price floors and price caps. According to experts, this regulation, if implemented in its current form, will make taxi-aggregator model quite difficult, and benefit incumbent players including [Meru](#), [Easycabs](#), and auto-rickshaws. "The policy will also fix a minimum threshold for the fare. This will be important for the traditional taxi players. After the new ecommerce guidelines, companies can't provide discounts to customers. This has slowed down business. Taxi aggregators will face similar issues," said Jaspal Singh, cofounder of Valouriser Consultants, a consultancy engaged in providing market research services for transport operators.

The policy is not yet clear on key points, including if app-based taxi permit holders can work with multiple operators or switch operators; cap on the maximum numbers of vehicles per aggregator; and how and when the operators can ban drivers. The cab aggregation space in India has a wide spectrum of players like Uber, Ola as well as incumbents in the form of radio taxis and local black and yellow taxis, and the government has closely been looking to introduce regulations to monitor each of these players in a bid to ensure a level-playing field in the industry. Ola and Uber did not reply to emails seeking comment.

In October last year, Uber had launched a social-media campaign asking its Mumbai users to protest against proposed government rules, primarily because the proposed scheme required taxi operators to maintain a minimum fleet of 1,000 and a maximum of 4,000 taxis, which if enforced, will force Uber and Ola to reduce the number of drivers in the city.

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# TaxiForSure Gets Bulk Discount from Tata Motors for Nano Cabs

After the launch of its Nano cabs, co is scheduled to start its auto-rickshaw segment in Dec

Aditi.Shrivastava1@timesgroup.com

**Bengaluru:** In a bid to undercut competitors, TaxiForSure is set to launch its lowest-cost segment using Tata Nano cars in Bengaluru this week, ahead of a plan to offer auto-rickshaw services.

"Apart from being cost-effective, Nanos are also compact cars and help get around roads faster," said Raghunandan G, co-founder and CEO of TaxiForSure. After a soft launch in Bengaluru with about 200 cars, the company will expand the Nano service to other cities.

"The price will be substantially lower than our current range," Raghu said, without divulging details. The Bengaluru-based company's regular fare is ₹49 for 4 km in all the cities it serves.

Cab services such as TaxiForSure, Meru and Ola, along with taxi-hailing app Uber are cutting fares and offering innovative services as they seek to tap demand for affordable and reliable public transport in Indian cities. They're also raising funds to build and sustain their businesses in a market estimated to be worth about \$9 billion, of which only 4-6% is organised.

TaxiForSure has negotiated with Tata Motors for a bulk discount of as much as ₹80,000 per Nano on behalf of drivers. A Nano costs about ₹2.5 lakh and is the cheapest car on Indian roads. A



query sent to Tata Motors did not immediately elicit a response.

"All taxi aggregators are losing money on every trip due to high driver acquisition and customer acquisition costs. The key purpose behind introducing low-cost vehicles is to reduce the cost of operations," said Jaspal Singh, co-founder of Valouriser Consultants. Meru Cabs and Ola are already present in the low-cost sector with fares starting at ₹10 per km. Last week, Uber launched its hatchback segment to compete in the same range with a base fare of ₹40.

After the launch of its Nano cabs, TaxiForSure is scheduled to start its auto-rickshaw segment in December. "We realised that for distances more than 10 km, our customers use us, but for less than that, they prefer autos," Raghu said. He said the company has already set the grounds for the launch of auto-rickshaws but will wait to first get Nanos on the road.

**THE ROAD LESS TRAVELLED** Professionals, PhD students, entrepreneurs, artists— all signing up as part-time drivers with taxi app companies to supplement incomes

# Tip Your Cabbie, who Could Soon be Your Boss or Professor!

**Evelyn Fok & Aditi Shrivastava**

**Bengaluru:** By day, Deepak, an aerobics instructor, is chauffeured around Bengaluru by his driver. At night, in a show of camaraderie, the boss and employee turn into colleagues as both ferry passengers as registered drivers on Uber's taxi network. PhD students, impecunious entrepreneurs, and ambitious drivers are all making a beeline for taxi app companies to supplement incomes in what is proving to be a profitable vocation for most.

Take the case of Rupendra Kumar, 29 -- he is an Ola Cab driver by night, and a full-time PhD student by day.

"I get the freedom to log in and out of my device whenever I want to, giving me enough time to study," says the MBA graduate in HR and marketing. The Haryana native was raised in a farming family, and hopes to become a professor soon.

Deepak, 34, said driving for Uber helps him to "earn extra money to fund my own aerobics studio". He was earlier a driver for two years in Hong Kong before moving back to Bengaluru to start his own business in 2012.

Part-time drivers like Deepak and Kumar, with strong qualifications and even loftier ambitions outside of their wheel-steering, sweet-talking skills, were unheard of before the recent advent of taxi services like Ola Cabs, Uber and TaxiForSure that operate on an aggregate sharing economy. These companies do not operate their own taxis, but provide the technology platform that links taxi owners with passengers. The drivers employed in other professions, despite being part-time, have valid commercial licences as well as commercial vehicles, and have no problem undergoing verifications and background checks newly imposed by the aggrega-



ARINDAM

tors in the wake of the Uber rape incident earlier this month.

With Ola's advanced platform, these tech-savvy individuals -- often hailing from smaller towns and cities -- can easily become available for service at the swipe of a phone screen, allowing them to flexibly adjust their work timings to their day-to-day schedules. With the extra income from driving part-time, these drivers are now able to finance their passion and interests.

"Technology has changed the rules of the game -- the earlier 'drivers need to reach customers' dynamic has flipped to 'customers need to reach drivers.' It is helping create an aggregation economy at a wider scale and making it transparent," explained Jaspal Singh, co-founder of Valoriser Consultants, which provides market research services for transportation companies. "India is definitely catching up in this area and we hope to see some good growth in the next three to five years."

With intense competition in the taxi industry, expectations have gone through

the roof -- cabbies are now expected to know smartphone basics, be courteous to passengers, and should be well turned-out. With a limited pool of drivers who can check these boxes, educated professionals and students with their own cars step in easily to fill the gap.

"The industry has moved far away from driving being a cliché occupation to an entrepreneurial career," said Anand Subramanian, marketing and communications director of Ola Cabs, adding that more than 20-25% of the company's 33,000 drivers are either professionals in another field or students. Uber's 4,000-strong driver network in Bengaluru also includes a life coach and a swimming instructor. "Being on the platform is helping our partners earn that extra income that they can use to follow their passion."

Another story belongs to 28-year-old Surender Yadav from Noida, who owns a music company. Having written around 17 songs, he used to perform at small functions and jagrans, and is expected to release an album soon.

**SMOOTH DRIVE** Taxi service aggregator raises \$210 m from SoftBank; announcement likely when chief Masayoshi Son visits India next week

# Ooh La La! Olacabs Enters the \$1b Club

## Leading the Pack

**2 million+** Registered taxis in India  
**\$7-8 billion** Estimated taxi services market size

**\$1 billion** OLACAB'S VALUATION

### FUNDING SO FAR

SERIES	DATE	AMOUNT
Series C	July '14	\$41.8 million
Series B	Nov '13	\$20 million
Series A	Apr '12	\$5 million

FOUNDED IN Jan 2011 by IITians Bhavish Aggarwal & Ankit Bhati

**33,000** cars currently registered on the platform

**19+** No Of cities in which the company is present



## THE BILLION-DOLLAR VALUATION CLUB

Flipkart **\$7 billion** | Snapdeal **\$2 billion** | After expected SoftBank investment | Mu Sigma **\$1.5 billion** | InMobi **\$1 billion**

**Jayadevan PK & Aditi Shrivastava**

**Bangalore:** Taxi service aggregator Olacabs has raised \$210 million from Japan's SoftBank Corp at a valuation of nearly \$1 billion (₹6,100 crore), people familiar with the development said, as it joins the league of India's most valuable startups and squares off against Uber as well as other venture-funded cab service marketplaces.

An announcement could be made as early as next week, when SoftBank Chairman Masayoshi Son visits India and makes official his group's investments of over \$1 billion in Indian startups. ET reported that online retailer Snapdeal is in line to snag \$650 million

and mobile marketplace Paytm up to \$300 million from the Japanese conglomerate which booked an estimated \$5 billion gain from the IPO of Chinese ecommerce giant Alibaba last month. "The company is valued close to \$1 billion," a

**The latest funding is likely to put pressure on Taxiforsure, Olacabs' main Indian competitor**

source said, referring to Olacabs, which was founded in January 2011 by IIT-Bombay alumni Bhavish Aggarwal and Ankit Bhati. Olacabs declined to comment. SoftBank did not reply to an email seeking its view. Olacabs started life in Mumbai but is now based in Bangalore.

**Milestone for Indian Startups** ▶▶ 11

# Milestone for Indian Startups

▶▶ From Page 1

It is backed by Sequoia Capital, Hong Kong's Steadview Capital and Tiger Global. Kunal Bahl, the cofounder of Snapdeal, is an angel investor in the company. The funding is an important milestone for Indian startups that are increasingly gaining the attention of deep-pocketed global investors looking to cash in on India's entrepreneurial prowess and the country's vast market opportunity.

Online retail has grabbed most of the attention and money so far—market leader Flipkart alone has raised \$1.2 billion this year—but taxi marketplaces and realty portals are expected to be where the next battles to gain consumers and market share will be fought.

An indication of the rising interest in the taxi aggregation market is the fact that Olacabs raised ₹250 crore only in July, when it was valued at ₹1,000 crore. What has also excited investors is the entry into India of Uber, the cab hailing app that has been making waves across the world.

San-Francisco based Uber, which is barely four years old raised \$1.2 billion, at a valuation of \$18 billion, in June this year. Uber entered India in August 2013 and has been recruiting taxi owners rapidly. Jaspal Singh, the co-founder of Valoriser Consultants which provides market research services for transportation companies, said the funding and valuation of Olacabs are an indication that investors are betting on rapid growth prospects. "Their long-

term strategy is to expand the market size by attracting first-time riders and enter into new geographies," he said.

Over two million taxis are registered in India and the market is estimated to be worth over \$7 billion.

Companies like Olacabs do not operate their own taxis but provide the technology platform that links taxi owners with passengers. Ola, which is launching its service in one city every two weeks, claims to have around 33,000 cars on its platform. In about three and a half years, it has built a presence in 19 cities so far. The latest funding for Olacabs is likely to put pressure on Taxiforsure, its main Indian competitor which has also raised an estimated \$50 million this year. Taxiforsure, cofounded by IIM-Ahmedabad alumni Aprameya Radhakrishna and Raghunandan G, is backed by Accel Partners, Bessemer Venture and Helion Venture. The money is also coming in at a time when Uber is on the backfoot in India.

# Cab Startups Eye Mobile Wallets for Growth

Companies see surge in booking by wallet users; bet on the strategy to retain loyalty

Aditi Shrivastava &  
Harsimran Julka

**Bengaluru | New Delhi:** Customers are more likely to hail a cab of a particular firm if its app is already active on their mobile phones and loaded with cash in virtual wallets, companies such as Olacabs, Meru, TaxiForSure and Uber are finding out as they compete for a larger pie of India's \$9-billion (about ₹56,000 crore) taxi market.

"About 25% of all our bookings in October were made by wallet users. Regular users who use the Ola Money wallet now book 30% more cabs than before," said Olacabs' CEO Bhavish Aggarwal. Olacabs started doubling Ola money recharge on its wallet, so users recharging with ₹100 got ₹200 to spend, which led to an upsurge in usage.

With a war chest at its command, having raised \$210 million (about ₹1,300 crore) led by Japan's Softbank, Olacabs is this week offering a 50% discount to its customers who book taxis through its wallets. The company is managing its wallet integration and

technology in-house. Ola Mini ride costs as little as ₹2.5 per km just for its wallet customers.

Mobile wallet company Paytm, which is the official Uber wallet partner, is also offering a free ride of up to ₹500 to its customers, who shop each time for an equivalent amount with its wallet.

The mobile wallet also does away with the possibility of arguments over getting the balance amount back from the cab driver. "The whole problem of not enough cash or change available is being eliminated by wallets, enabling us to offer better experience," said Siddhartha Pahwa, CEO of Meru Cabs, which is also incentivising its wallet users with 30% cash-back offer.

A ride on Meru's low-cost brand Genie now costs ₹7 per km. Meru, which was the first to launch the wallet feature, said it has seen customers increasing at 20% every successive week since launch. Meru's wallet is integrated with CitrusPay.

"Companies are looking to ensure that users download their application and link it to wallet to keep balance in their account. This is the good way of building

customer loyalty and ensure that drivers use their application as first choice," said Jaspal Singh, co-founder of Valoriser Consultants, which provides market research services for transportation companies.

"The brand recall and the loyalty of a customer becomes very high when he stores money into a wallet. It's just a matter of time

when he or she is bound to use the cab start-up's services," said Amit Lakhota, vice-president (business) at Paytm.

**The mobile wallet also does away with the possibility of arguments over getting the balance amount back from the cab driver**

With about 18 million customers in India, Paytm is also a marketing platform for start-ups. "We have been seeing great traction with Uber within a week of launch," said Lakhota about the semi-closed wallet being used by Uber, without disclosing numbers.

While Uber declined to comment on the story, a Paytm official said on condition of anonymity that the taxi app is likely to move all its

customers to a semi-closed wallet to comply with the Reserve Bank of India's rule of two-factor authentication. To encourage wallet usage, Uber is offering a ₹400 free ride to first-time users who install and pay by the Paytm wallet. "If your ride amount exceeds your wallet balance, you will be prompted to clear your balance before taking your next ride," Uber India said in its blog last week.

Bangalore-based TaxiForSure has launched a closed wallet. "It's a proven statistic that the usage of your company's service becomes higher when a customer sees the brand on his mobile phone every day," said Aprameya Radhakrishnan, CEO of TaxiForSure.

However, experts say that users are more likely to use a semi-closed wallet than a closed one. Cash stored in a closed wallet can't be used for any other service. "In real world, you carry cash in wallet whether it is for buying groceries or cereals. Taxi start-ups will also switch over to semi-closed wallets sooner than later," said Bangalore-based Pratyush Prasanna, founder of PlusTxt and now vice president at One97 Communications.

# Meru's Unlikely Window of Opportunity

Meru was fast losing its first mover advantage to Ola and Uber. But in a surprising turn of events, the two rivals have come under a regulatory cloud. Could this give Meru a chance to strike back? Investors who wanted to sell their equity are now investing more, write **Kala Vijayraghavan** and **Snigdha Sengupta**



## Radio Cab Business in India

Total taxi market **\$13 billion**  
Organised players **5%**  
Key players **Meru, Uber, Ola, Taxiforsure, Tabcab, Easycabs**  
PE investment to date **₹1,000 cr+**

SIDDHARTHA PAHWA, Meru CEO

NITIN SONAWANE

This December, as newer and nimbler rivals Uber and Olacabs froze under the regulatory glare, Meru Cabs, the country's oldest metered radio taxi operator, saw an unusual 25% spurt in business.

"Demand is always up in the holiday season," says CEO Siddhartha Pahwa, who oversees Meru's fleet of 10,000 cabs.

But not for Uber and Olacabs. They are fighting a ban on services in key markets such as Delhi, Mumbai and Bangalore after a Uber driver raped a 27-year old woman passenger in New Delhi. The ban though opens a window for Meru to play catch up. Because of its status as a licensed radio taxi operator, the company is unaffected by the ban that has plunged its younger rivals into a crisis.

Uber and Ola are online marketplaces that aggregate licensed taxi operators and facilitate bookings via mobile apps. The ban was imposed only on such operators, and not on licensed radio taxi operators like Meru.

Meru's investors, who weren't happy with the company being upstaged, are now back with renewed interest. Earlier ET reports that investor IVFA was looking to exit have now been replaced with news of impending fresh investments. "We don't see any reason to exit at this stage. Our fund life is 2019 and we would like to stay invested," says India Value Fund Advisors (IVFA) partner Pramod Kabra. He also sits on the Meru board.

IVFA has invested ₹300 crore in Meru and owns more than an 80% stake. Meru is currently in the market to raise a fresh tranche of funds to finance its expansion plans over the next 12 months. Kabra says IVFA will commit fresh funds in the next round. An unexpected window of opportunity is now opening up for Meru to regain the ground it had lost to Ola and Uber. Can it seize the moment?

## Aggregation Model: Here to Stay?

The online aggregator model gained popularity globally after San Francisco-headquartered Uber launched its service in 2009. Olacabs, based in Bangalore, emulates the Uber model as does Bangalore-based Taxiforsure.

Over the past couple of years, licensed radio taxi operators have been locked in bitter competition with aggregators like Uber and Olacabs. At stake is the \$13-billion taxi market. App-based aggregators don't own a fleet.

Because of their asset light business model, they have been able to undercut fares and grab market share away from licensed radio taxi operators. Olacabs, for instance, charges ₹13 per km, while Meru runs at ₹20 per km.

"The aggregation model is not a matter of choice anymore. It is the only way forward. Drivers also prefer the model because they have ownership of the vehicle," says Jaspal Singh, CEO of Valoriser Consultants, which offers market research services for the transportation sector. Consequently, despite starting up four years after Meru, Olacabs, claims to have an aggregated fleet of 42,000 in the metered radio taxi market. In financial year 2013-2014, the company grew its revenues more than 200% to ₹51 crore. Uber has around 10,000 cabs on the road.

## Meru's Turnaround

In the next 12 months, however, Pahwa — he took charge of Meru in November 2011 — aims

**Meru's fleet size has grown from nearly 3,700 in 2011 to 10,000-plus now. It needs money to grow**

Much of that is already at play. At present, 70% of the company's 10,000-odd fleet of cabs run on the aggregator model. It now offers commuters a mobile app for bookings and nearly 60% of its bookings are being routed through its mobile app. It has also introduced differential pricing on fares. While its regular service, Meru, which offers commuters sedans, charges ₹20 per km, Meru Genie, where one can opt for a hatchback, charges ₹14 per km. And because Meru has a radio taxi operator licence, it has no regulatory challenges.

The results are beginning to show. For the financial year ended March 31, 2014, the company turned in a net profit for the first time at ₹3.55 crore on revenues of about ₹400 crore. In 2012-2013, it had reported losses at ₹31.11 crore on revenues of ₹166 crore, as per its RoC (Registrar

of Companies) filing. "We started on the transformation journey in late 2011. At the time we were losing cash at the rate of ₹5 crore per month. We've returned around and are now cash positive," says Pahwa.

Even though Meru is also moving towards an app-based aggregation model, its core approach to fleet drivers differs from Ola and Uber. "We realised very early that this business would not be viable unless the relationship between the company and the driver community was more than transactional in nature," says Pahwa.

Meru started off in 2007 owning the fleet and offering a revenue share arrangement with drivers. But this didn't work as drivers maximised their income and neglected maintaining the cars. By this time aggregators such as Olacabs had already entered the market and Meru saw its driver attrition rate spike to 40%. "The only way to get the drivers on our side was to build an ecosystem around them," says Pahwa. It introduced a scheme whereby drivers could own their cabs within four years.

Second, the company put technology to work at the backend to enable it to use data analytics to predict customer demand more accurately. Driver incomes went up to ₹13,000-14,000 per month in 2011. It has since risen further to about ₹20,000-25,000 per month. Today, Meru claims driver attrition rates at less than 5%.

## Investment Challenges

Meru's fleet size has grown from 3,700-odd in 2011 to 10,000-plus now. Pahwa wants Meru to be present in at least 25 cities by December 2015.

It needs money to grow. Just a couple of months ago — before the Uber rape controversy — Olacabs raised a \$210 million round led by Softbank, reportedly at a post-money valuation of \$650 million. After the incident, investors are more favourable towards Meru. Other rival licensed radio taxi operators are also investing.

Mega Cabs for instance plans to invest ₹500 crore over the next three years to grow its fleet from the present 4,200 to 23,000 by 2017. It plans to have 15,000 of those on the aggregated model. "We have the best of both worlds — radio taxi licences and the flexibility of aggregation," says Kunal Lalani, MD of Mega Cabs.

Yet, the most important challenge for Meru will be to keep its own house in order.

(With inputs from Aditi Shrivastava)

## TIMELINE

**2007:** Meru Cabs launches the country's first radio cab service with a fleet of 45 cars. Adopts the subscription model, whereby it owns the fleet and shares revenues with drivers. The same year, players such as Easycabs and Megacabs enter the market

**2010:** Ola Cabs, an app-based cab aggregator, enters the market. Becomes popular with consumers since bookings can be done through an app and is cheaper than traditional radio cabs

**2011:** Taxiforsure, another app-based aggregator, launches operations

**2012:** Investors warm up to the asset light app-based aggregator model. Tiger Global pumps \$5 m into Ola Cabs

**2013:** San Francisco-headquartered Uber, the app-based aggregator that inspired companies such as Ola and Taxiforsure, enters Indian market. The local investor frenzy continues. Accel Partners and Helion Venture Partners back Taxiforsure

**2014:** Big money pours into app-based aggregators. Softbank pumps \$210 million into Ola at a reported post-money valuation of \$650 million

**2014:** App-based radio taxi aggregators hit a crisis when an Uber driver is arrested for allegedly raping a passenger in Delhi. Delhi government bans Uber in the state and proceeds to ban all app-based aggregators. Several cities follow suit

# A Million Shuttl in NCR till Now

Co sets 6-month target of 50k rides a day with 700 buses on platform

**Aditi.Shrivastava1**  
@timesgroup.com

**Bengaluru:** Bus aggregator Shuttl said it has completed one million rides across the National Capital Region of Delhi within six months of inception, indicating rising consumer acceptance to eco-friendly and cost-efficient means of commuting in the capital. The startup said with the completion of one million rides, it has been able to save ₹51 lakh per day in fuel cost for commuters. It helped keep 4,727 vehicles off the road daily and saved 53,460 tonnes of carbon emissions, Shuttl claimed.

“The public has embraced Shuttl beyond our expectations,” chief executive Amit Singh said. Currently, 50% of users board their



Shuttl from Gurgaon, 33% from Noida and 17% from Delhi and the rest of NCR.

The company has set a six-month target of 50,000 rides a day with 600-700 buses on the platform. Currently, the startup handles 15,000

rides per day with more than 500 busses. It competes with IDG Ventures-backed Cityflo, Ola Shuttle, India Quotient-funded rBus and Orios Venture's ZipGo across different geographies.

Shuttl is backed by Sequoia Capital, Lightspeed Ventures and Times Internet, a digital products company which is a part of the Times Group that publishes The Economic Times.

According to experts, bus aggregators are primarily targeting customers who are travelling to work by providing a reliable and cost-effective service.

“They are using smaller vehicles which can run faster and don't need high patronage,” said Jaspal Singh, founder at Valoriser Consultants, a transportation consulting firm.

# Taxi aggregator NTL to raise Rs 400 crore from private equity players

By [Bharani Vaitheesvaran](#), ET Bureau | 28 Apr, 2015, 12.08PM IST

[Post a Comment](#)

CHENNAI: Taxi aggregator NTL has entered into negotiations with private equity players to raise a minimum of Rs 400 crore, having shed aversion toward stake dilution as a discounting race with competitors pushes it scout for funds to replenish its war chest.

If the deal gets through, it would be a first for the purely promoter-driven NTL and an underline for the potential of regional players in the taxi market. NTL has been in talks with two investors. The negotiations centre around valuation and stake dilution.

"We were not natives in this environment of VC-backed growth strategies. Cutting stake is something we have avoided for 15 years we have been in the market. But, the understanding now is that investor money could just be the only way forward because the industry is spiralling toward high incentivisation," NTL's [director G Saravanan](#) told ET.

Until recently, NTL has been a vocal disapprover of venture funds, burning cash for discounting rides and [driver](#) incentivisation, concepts it has now embraced in the taxi market. About six months ago, it had begun aggregating auto-rickshaws with a target of getting about 15,000 of them on its 6 crore mobile application by end-2015. The number now stands just above 1,000 vehicles, while competitor Ola has already crossed 10,000, drawing them in hundreds with attractive daily and weekly cash incentives.

With Ola setting the bar rather high in its reward system, NTL had to adopt a similar strategy and business model for the segment, depleting its cash reserves and making it reverse its stand on stake dilution for growth. It had believed in the longevity of the call centrebased taxi hailing, but took a technological step forward by basing its autorickshaw segment as a pure-app play. In about two-three years, it plans to phase out the call centre for the taxi market to cut staff costs.

"We function in markets where people feel sure of the ride only if they place the order on the phone. But, things have changed so quickly. In the coming years, we will take the call centre out of operations for the taxis also," said Saravanan.

As it raises funds, NTL plans to expand to Bengaluru, Delhi, and Hyderabad, beginning its national drive with about 500 cars in each of these markets. It has received the radio taxi licences in these cities, with the clearance for Bengaluru obtained as recent as last week.

NTL's competitor and leader in the Chennai market FastTrack has engaged a [financial advisor](#) to prepare a pitch for venture capital. Its founder, Redsun C Ambigapathy, says the business has turned into an edgy race to corner customers, making investor money necessary to expand and grab market share.

The Chennai market represents a taxi strength of upwards of 12,000 vehicles, with new players such as Ola and Uber having made significant inroads where NTL and FastTrack had held a large share of the market.



As it raises funds, NTL plans to expand to Bengaluru, Delhi, and Hyderabad, beginning its national drive with about 500 cars in each of these markets.

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# Demand for chauffeurs on the rise after Janhavi Gadkar drunk-driving mishap

By [Shailesh Menon](#), ET Bureau | 29 Jun, 2015, 10.41AM IST

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MUMBAI: The phones have been ringing off the hook in the offices of [Driver](#) in Mumbai ever since the Janhavi Gadkar drunk-driving mishap shook the nation. The agency is besieged with requests for chauffeurs as the incident appears to have induced partygoers to desist from driving after having one too many.

Gadkar, 35-year-old [corporate lawyer](#), had on June 9 after a drunken binge rammed her [Audi Q3](#) into a taxi on the Eastern [Freeway](#) killing two persons on the spot.

The service provider's bookings have gone up 18-20% in the past fortnight, said [Mohammed Alamgir Khan](#), [managing director](#) of Driver in Mumbai, although the agency is not able to cater to all requests.

"Almost all these are bookings by new callers," said Khan. "People do not care much about celebrity accidents, but they sit up and take note when common people, especially young professionals, are involved."

The ripples of the case are being felt in other cities too.

"The Gadkar mishap has created a bigger stir than the rest mainly because of the profile of the persons involved. These days we even have parents booking drivers for their kids partying late night," said [Saurabh Shah](#), [CEO](#) of Party Hard Drivers, which operates in Mumbai, Pune and [Bengaluru](#).

Most companies providing chauffeurs on hire log 200-250 requests or drivers on weekdays. On weekends, the number surges to 400-450 requests. Driver charges vary between Rs. 800, for four to Rs. 500 for six hours of engagement, in most cities. For the outskirts, a drop from Mumbai to Thane, for example, charges may go up to Rs. 1,200. Almost 60% of Party Hard Drivers' revenues are used to pay drivers, said Shah. Call centres and technological extensions like an internet portal or a mobile app account for over 15% of other expenses while the company's profit margins are about 20%, he said.

"A lot of companies also hire our services when they have late night parties," said [Zeeshan Ahmed](#), managing director of Bengaluru-based Dzire Drive.

A few agencies also provide specialised driver services for companies and outstation travel. Tariffs for such orders are calculated on the basis of kilometres covered or total work hours. A few of them also provide valet services at weddings, corporate and social events. Leading agencies also keep a set of premium drivers who have cut their teeth driving premium sedans and fast cars.

"Over 50% of our orders come from people who own Porsches or from people who own Porsches or Jaguars. We've got calls from [Ferrari](#) owners as well. Only experienced drivers are sent to drive such cars," said Ahmed.

Drunk-driving is among the biggest causes of deaths on Indian roads. According to [National Crime Records Bureau](#), 10 lakh people lost their lives on Indian roads over the past decade. In the past three years alone 50,000 people died on account of hit-and-run cases, the majority of which happened due to drunk-driving.

A study conducted by Alcohol & Drug Information Centre, Kerala revealed that about 40% of road accidents occurred because the driver was under the influence of alcohol.

Of these, as many as 65% of accidents happened during late night or early hours of the morning.

For many, the Gadkar case has refreshed memories of the Nooriya Haveliwala case, involving a US citizen who was given a five-year jail term for mowing down two men in a drunk-driving incident in 2010 and, more recently, the case of [Aarti Shetty](#) who was booked for drunk-driving in 2012.



*Driver in Mumbai, a service provider, has seen an 18-20 per cent surge in bookings after the accident involving Janhavi Gadkar.*




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The biggest problem faced by these agencies is the shortage of good drivers. Especially on weekends, Driver in Mumbai and [Party Hard Drivers](#) find it difficult to meet the growing demand.

"It's not very easy to get good drivers. We can only hire them if they're trustworthy," said Alam.

Shah said even if his company manages to get a few drivers, it cannot hire them immediately.

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# Ola, Uber Plug Loopholes in Incentives Model

Taxi aggregators take measures to stop drivers who have been fleecing them of millions by exploiting the apps

Harsimran Julka &  
Aditi Shrivastava

New Delhi | Bangalore: Uber and Ola have modified their incentive models for drivers after finding a number of them manipulating the system and draining millions of dollars in funds secured by the taxi-booking companies for expansion and customer acquisition.

Drivers were pocketing incentives without actually ferrying passengers, many by getting friends to book a minimum number of rides or by merely logging in for specified hours to become eligible for bonus payments, according to sources and several drivers ET spoke with.

According to the sources, Uber was losing at least ₹500 per ride on an average, and Ola about ₹420 per ride, including the incentives to passengers. In Delhi, Uber has lowered its daily incentive for a 12-hour login to ₹3,000 from ₹3,500, and made it mandatory for its drivers to log into the system at speci-

**Taken for a Ride, Literally**

**Drivers were using fake bookings for ₹200-250 bonus/trip**

**TROUBLE-SHOOTING**

**In Delhi, Uber cuts daily incentive to ₹3,000 from ₹3,500**

**Uber was losing at least ₹500 per ride on an average**

**Ola was losing ₹420, including incentives to passengers**

**Login at specified hours mandatory for drivers' bonus**

**Ola has cut cash incentives for autorickshaws, started e-wallets**

**"Many of us slept at home, pocketing a cool ₹24,000 per week. Now, if we are tracked idling, the system sends us a message to change our location." A driver**

fied hours to be eligible for the bonus, according to the sources, who declined to be identified.

"We have been asked to log in from 5 am to 12 pm and 4 pm to 1 am to avail the ₹3,000-per-day benefit. A driver also has to do a minimum three trips to avail the incentive," said an Uber driver in Delhi.

San Francisco-based Uber has also asked its drivers in India to constantly shift locations in order to

avail the incentive, according to the sources and some drivers.

"Many of us just slept at home pocketing a cool ₹24,000 per week. Now, if we are tracked idling at a remote location, the system sends us a message to change our location," said another driver in Delhi.

Uber uses data to recommend to its drivers places from where they are likely to get maximum bookings, to ensure availability of cabs in high-

density areas. But unlike with Ola, which assigns rides to its drivers, Uber drivers are free to accept or deny bookings, which makes it more important for the company to keep drivers in high density areas.

A spokesperson for Uber did not answer queries from ET on the changes to its driver incentive programme. Ola did not reply to emails from ET.

"Since drivers interact with the system throughout the day, some do start taking advantage of it by making fake bookings seem genuine," said Jaspal Singh, cofounder of Valoris Consultants, which provides market research services for transportation companies.

Ola, the country's largest taxi-booking service, has cut down on cash incentives for autorickshaw drivers who have signed up with it, as well as introduced electronic wallets for Ola Auto customers, to prevent drivers from abusing its system using cash payments that are harder to track, say sources.

According to the company,

about 40% of its transactions are done electronically.

After Ola acquired TaxiForSure in March, the two entities have cut down on both driver and customer incentives to curb costs.

Some Ola drivers ET spoke with said they asked friends to book

short trips through the day to get incentives of ₹200-250 per trip. "After 10 trips a day we would also get a certain cash incentive. Many used to manage the 10 trips among themselves," said an Ola driver on

condition of anonymity.

In Bangalore, drivers attached with Ola Auto said they make fake bookings. "We get incentivised on number of trips we take. Sometimes, we request passengers to book a fake ride and give them a discount. No one loses but we get our incentives quicker," said a Bangalore-based Ola Auto driver.

**Drivers were pocketing incentives without actually ferrying passengers**

**BUMPY RIDE AHEAD?** Delhi HC refuses interim relief to Ola; State govt told to ensure strict enforcement of ban on taxi app cos

# Delhi Roads may not See Ola, Uber Traffic

## Our Bureaus

**New Delhi | Bengaluru:** In a major blow to ride-hailing app Ola, the Delhi High Court on Wednesday dismissed its plea for interim relief and instructed the state government to enforce its ban on taxi app companies in the Capital, marking a sharp reversal in fortunes for the embattled sector.

The high court order gives the state government the right to

**Transport officials, who are yet to receive the court order, said they would begin to enforce the ban this week itself**

impound all commercial taxis running on diesel and also enforce its January 1 order, banning radio cab services not registered under its radio taxi scheme from plying in the city.

"How are you operating post January 1 order? There has been no stay. Why is the ban not being implemented," Justice Manmohan asked the counsel for ANI Technologies, which owns Ola, on Tuesday.

The order, while directed at Ola, is also expected to affect its rival, San Francisco-based Uber, which counts India as one of its largest and fastest-growing markets outside the US.

## Shortlived Relief for App Cos

### WHAT HC ORDER MEANS

Has put fate of diesel vehicles with tourist permits plying on Delhi roads in jeopardy

State govt and Delhi Police to go after Ola and challan diesel-run AITP cabs

Uber given two-week deadline to respond why it is not complying with ban

SC unlikely to revoke its own order on use of clean fuel in Delhi if Ola appeals

Central guidelines on taxi apps unlikely to help in view of SC's 2001 ruling on CNG

Large no. of diesel engines non-convertible into CNG. Livelihood of over 20,000 drivers at stake



### KEY NUMBERS

**34,000**

No. of taxis running on CNG in Delhi

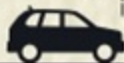
**15,000+**

No. of diesel vehicles in Delhi-NCR with web taxi cos



**₹40,000**

Average cost of conversion of a petrol engine to CNG



**Taxi apps like Ola, TFS & Uber were banned on January 1 as they were plying diesel AITP vehicles in Delhi**

# TaxiForSure Scouts For Funds to Fuel Growth

Investors wait for more clarity after ban on aggregators due to Delhi Uber incident

**Aditi.Shrivastava1**  
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**Bengaluru:** TaxiForSure, a mobile app-based taxi aggregator, is actively scouting for fresh capital from experienced investors to fund its expansion and redraw its strategy even as investors wait for more clarity after an alleged rape incident involving an Uber driver led to ban on taxi aggregators in Delhi.

"We are looking at VCs, hedge funds, private equity, but at this stage our focus is to get more than just money — like experience from similar taxi space investments in other geographies or large-scale ecommerce investment within India," said Raghunandan G, CEO of Bengaluru-based TaxiForSure.

Buffeted by a public relations crisis after the alleged rape of a woman passenger by an Uber driver in Delhi earlier this month, taxi aggregators have been scrambling to fall in line with revised regulations laid down by transport authorities.

"The most important thing we learnt was the need to ramp up our communication at every level with our customers as well as our drivers, and improve our experience," said Raghunandan. TaxiForSure is in the market to raise about \$60 million, or about ₹380 crore, since more than a month. While industry sources tell ET that foreign investors are waiting for clarity before investing in TaxiForSure, some say it's a good bet for investors looking to enter the sector.

"TaxiForSure will be a good investment for a new investor looking at the Indian taxi space. Valuation will be lucrative at this stage. Ola is now very expensive to enter," an investor said on condition of anonymity. In August,

the company raised around \$30 million, with existing investors Accel India, Bessemer Venture Partners and Helion Venture Partners participating.

Company officials said it is looking to reengineer its processes and improve its market share following the rape incident in Delhi. On the customer side, the company has promised to invest in technology and laid out several initiatives to ensure service level experience is improved within the next few months.

"Features like assigning the same driver to the customer if they have provided good ratings, and sharing users' reviews on drivers on the app will help in maintaining comfort and safety levels," Raghunandan said.

In the next few months, TaxiForSure also plans to ramp up its driver base by partnering with operators and radio taxi companies, he said. "At the same time, we will use third-party agencies like Babajob to find individual drivers and enable them to buy cars and join our platform."

Raghunandan said that once TaxiForSure resumes its city launch pace, it will also start with its pan-India television advertising.

Currently TaxiForSure has about 12,000 drivers on its platform, Ola has about 42,000, and Uber around 10,000. In light of the recent incidents, aggregators — who were previously focusing on customer acquisition through aggressive pricing and attracting drivers with incentives such as bonuses — are now spending on safety measures like installing GPS as well as on marketing and lobbying.

Uber too has introduced new safety measures like an in-app ShareMyETA button which allows the customer to send complete trip details to a third person. Along with that, the company also has a dedicated customer support team.

**Taxi aggregators have been scrambling to fall in line with revised regulations laid down by transport authorities**