After US and China will India be the next bike-sharing hub of 2018?

Sindhu Kashyap & Athira A Nair   posted 4 days ago   290 shares

The year 2017 saw an increase in the number of big and small players venturing into the bicycle sharing space. While India is no Netherlands, Germany, or China, the question is will there be any winners in this market.

A few weeks ago, Ola announced the launch of Ola Pedal, its cycle sharing option, currently in the pilot stage at the IIT Kanpur campus. Last month, Zoomcar launched PEDL, its cycle sharing vertical in Bengaluru's HSR Layout, and the company is looking to expand this across the city, and the country.

Amit Gupta, Co-Founder of InMobi, last month launched Yulu, a bike sharing platform. Mobycy also launched a dockless bike sharing platform and raised a $500,000 seed funding. A few weeks ago, Wheelstreet also launched its dockless bike sharing platform.

In short, bike-sharing seems to be the new 'in' thing in India as dockless bikes, smart bikes, and cycle sharing have started seeing traction. A 'Dockless' commute refers to providing transportation from Point A to Point B without human intervention. It gives people the option of picking up a vehicle within 100 metres of a bus, metro, or train station, or at a given location. One can look at picking up a bike similar to how you would book a car ride on Ola or Uber.

India the next billion

Reports suggest that after conquering China, Europe, and the US, Chinese bike sharing unicorn OFO is set to launch operations in India.

Apart from this, in September 2016, Chartered Speed, an Ahmedabad-based transport company, is believed to have entered into a partnership with Nextbike, a Germany-based bike-sharing startup, and is set to launch a digital bicycle sharing platform across 100 cities.

In cases like Ola and Zoomcar, bicycles are GPS-enabled and integrated with the app. "It enables customers to plan their route better, and target selected pickup and drop locations," says a customer.

The dragon's staggering scale

Akash Gupta, Founder and CEO, Mobycy, believes there is a billion-dollar opportunity for the bike-sharing market in India. He says,

"Different players who ventured into a similar space in other countries are today valued \$2 billion to \$3 billion each. The scope is immense in India given the contemporary problems of high pollution, traffic congestion, increasing preference for cycling for recreation or fitness."

While India is clearly attracting several bike-sharing platforms, the big question is whether it has a market, like Europe or China. According to a report in *The Guardian*, a Hangzhou-based bike sharing company is said to have over 40 cycles rented out every couple of seconds. A report in the *Recode* states China had more bike-sharing rides in the first quarter of 2017 than the number of on-demand trips India had in the same period.

The scale of China's bike sharing is staggeringly high. Mobike is said to have had touched over 18 cities in the country in less than a year, with more than a million new bikes.

Earlier this year, OFO entered the US with 1,000 bicycles in Seattle. New York's Citi Bike, with 10,000 bikes and 236,000 subscribers, is the largest players in the US. Beijing has 700,000 shared bikes, and 11 million registered users, nearly half the capital's population.

OFO, which is backed by Alibaba, and Mobike, backed by TenCent, both Beijing-based, are the biggest players in bike rental in China. Both have raised more than a billion dollars in funding and OFO was the first unicorn in the sector with over three million daily users across 34 cities.

In comparison, Indian startups in this space are yet to attract any major funding.
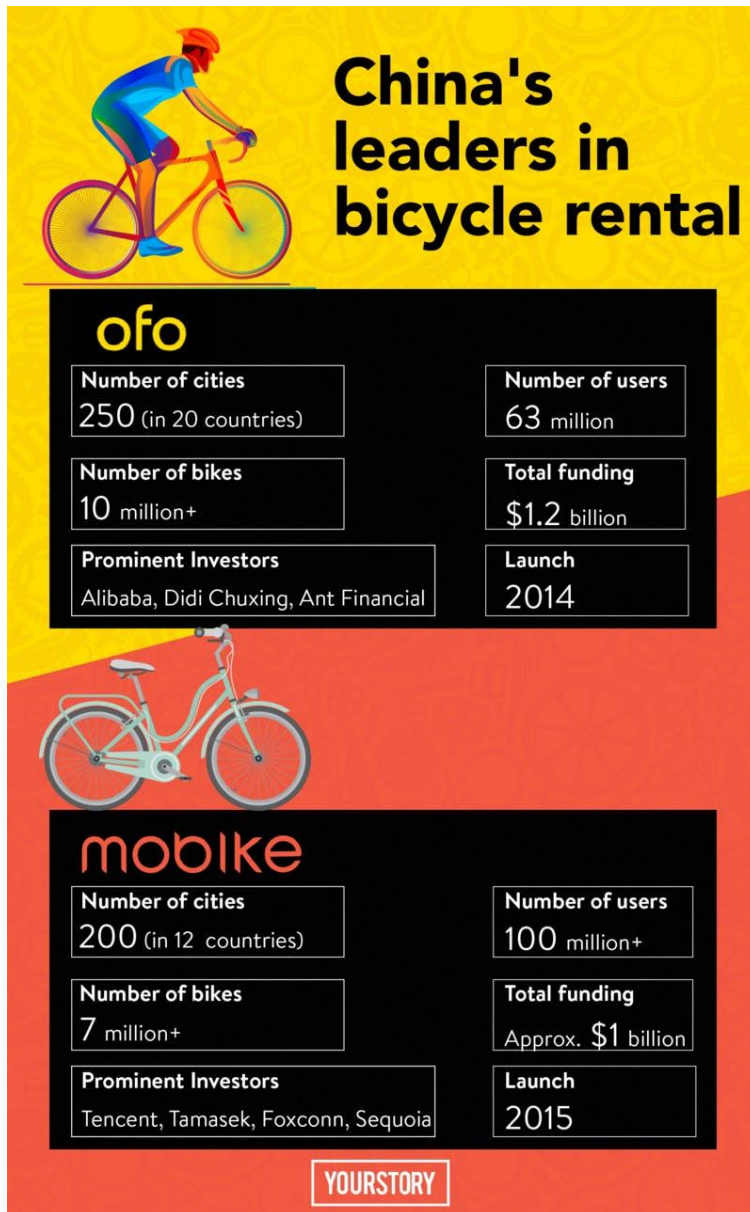
China's leaders in bicycle rental

ofo

Number of cities	Number of users
250 (in 20 countries)	63 million

Number of bikes	Total funding
10 million+	$1.2 billion

Prominent Investors	Launch
Alibaba, Didi Chuxing, Ant Financial	2014

mobike

Number of cities	Number of users
200 (in 12 countries)	100 million+

Number of bikes	Total funding
7 million+	Approx. $1 billion

Prominent Investors	Launch
Tencent, Tamasek, Foxconn, Sequoia	2015

YOURSTORY

Image credit: Anisha

The unique market that's India

Interestingly, in India, cycling isn't new as a mode of transportation. From children riding bicycles to schools, to the local milkman, cycles are widely used.

However, with the push towards motorisation, the number of bicycles on the road have dropped significantly. Now, with the launch of smart bikes or bike-sharing, commuters will have an alternative mode for last mile commute, which would also control pollution.

Greg Moran, Co-founder and CEO Zoomcar, says,

"We believe the ratio of population to motorised vehicles in most urban cities has reached unsustainable levels resulting in clogged roads, bad air quality, and reduced productivity. Cycles are the need of the hour to ensure cities can continue to grow without choking on infrastructure bottlenecks. We see cycles replacing most short distance motorised transport in the medium to long term."

According to media reports, the bicycle market in India is worth $1.2 billion, and production currently stands at 15 million units. To date, bicycles remain the most important mode of transport in rural India. Sanjay Nath, Managing Partner, Blume Ventures, believes India is a unique market where there is no "one size fits all" solution when it comes to transportation.

"My guesstimate is that there are around 10 million bicycles sold every year in India, mainly for personal use. And now, with the entry of "shared bicycle" startups and larger entrants alike, this will create a large network of bikes to push the country's much-needed agenda for infrastructure, leading to sizeable market creation," he says.

However, the concept is relatively new in India and naturally, there are doubts about how it will work. Jaspal Singh, Partner at Valoriser Transport Consultants, believes it will be a good concept.

Though, he adds that due to the challenges in terms of building the business, players won't go for city-wide expansion, but identify certain areas and have some control in the trial - like Ola Pedal is doing at the IIT Kanpur campus.

"In metro cities, they (bike-sharing companies) would target transit points like bus stations and metro stations so they can create a facility – they are thinking to earmark some area where you can leave the bike. They also need to test the market, learn from experience. The government will need to support them, especially transport and transit agencies," Jaspal says.

Greg believes that cycle sharing in India will chart a unique path as compared with the rest of the world. Like with car sharing and ride sharing before it, India has created a new paradigm that's highly customised for local conditions. Both mobility models are currently thriving in the Subcontinent.

What cycle sharing looks like in Europe and China?

Infrastructural challenge and government aid

India lacks basic road and footpath infrastructure, which is a given in Europe, the US, or even China. This is where cycle sharing faces its first challenge, as also opportunity.

Firstly, it impedes the hyper-scale witnessed in other markets. This is like a chicken-and-egg story – why would there be demand if there was no infrastructure? "Even in China, there was no dedicated lane at first, but with more demand came the infrastructure," says Jaspal.

The debate has started in India already, and local governments are keen to help. There is increased focus on physical infrastructure and for this, corporations will need to help with cycle lanes and provide designated parking spaces.

In a bid to promote cycle sharing and cycling as a mode of transportation, cities like Mysuru, Bhopal, and Thane have already earmarked areas for government initiatives.

Moreover, the frantic urban pace, coupled with haphazard last mile connectivity, creates a unique opportunity for Indian cycle sharing, as a cycle often provides a nimble option to bypass heavy traffic, and save commute time. Coupled with the fact that cycles are incredibly cheap in India relative to other markets, there is a compelling value proposition.

"To reach a massive scale in a short time frame, you need to have that atmosphere where the public sector is also supporting," says Greg.

Although the Chinese government puts a premium on controlling its citizens, it has displayed a remarkably light touch with this booming new business. In guidelines issued last month, the State Council welcomed shared bikes as part of "the green urban transport system," while urging local governments "to ensure rational allocation of bicycles and avoid excess supply in some areas."

On the other hand, the Indian government has vowed to aggressively expand infrastructure over the next two to three years, so this difference may soon fade away. In fact, Chennai has already issued a tender to invite players to introduce such a system. "They may not be the ideal leaders (like in Thane), but private players will also need some tie up with the government to bring in more credibility. Ideally, local governments should hire a private player like in Chennai," says Jaspal.

Image credit: Anisha

China is still struggling

In China, bicycle renting still faces issues like having the right dock points, and the cost of retrieving, which does not allow positive economics. In OFO's model, the user need not worry about finding a docking station, but instead can pick and dispose of the bicycle at any place and time of their choosing. The company charges 1 yuan per for the service.

While OFO and Mobike are the top players in China, in November, Bluegogo, China's third largest bike-sharing startup, which had raised 600 million yuan, went bankrupt and pictures of China's Bicycle Graveyard have been doing the rounds since.

Many have begun to question if there really is a market? To this, Sanjay says,

"One data point we've gleaned is that China took approximately two years to get into 100 cities due to their existing infrastructure and access to capital (that giants like OFO and Mobike have benefited from). It's possible that India will take three to five years to achieve a sizeable scale. Again, infrastructure changes in India will be a significant factor enabling this."

He adds that Chinese companies have expanded into many countries, but due to each country's nuances, have not been able to make it big, as yet, outside of their home market. "One thing I've seen about the Chinese approach (from founders and investors alike) is their linear focus. They like to "crack one market deeply" before expanding outside," adds Sanjay.

Also, these companies faced a lot of sabotage in China as users often left bicycles without earmarking a specific location. So, companies had to use big data to understand customers, and even blacklist some, sending legal notices or filing cases.
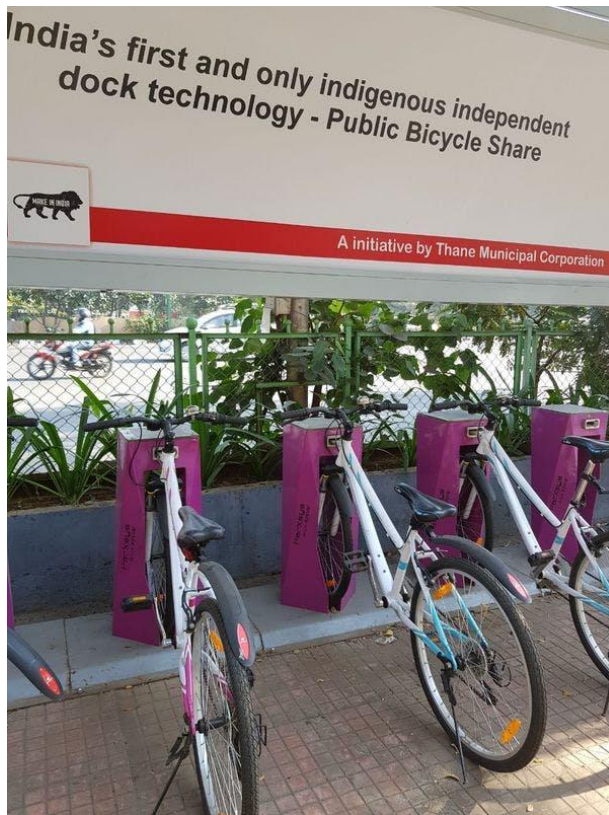
Dockless bikes in Thane

It takes years to build responsible behaviour. "We need some innovative ways to minimise the sabotage – they don't want to make it a close environment too because then people/customers will be sceptical," says Jaspal.

Companies need to have some control over the system, but over a period, will need to make it an open market. "Ultimately, you have to give more freedom to people to move intracity – a semi-closed environment with some restrictions is ideal," he adds.

"While it is an imperfect science to precisely predict timelines for shift in consumer behaviour, operating in HSR (in Bengaluru) for the last six months has given us a fair idea. PEDL has seen increasing adoption by a wide demographic resulting in exponential MoM increase in bookings, ride duration, as well as use cases serviced. We have been increasing the number of cycles in HSR to meet the higher demand," says Greg.

These startups believe consumers have already warmed up to the idea of bicycling, owing to multiple celebrity endorsements, like by Milind Soman and Gul Panag, and growing demand for fitter alternatives to sedentary lifestyles.

"By introducing dockless bicycles, we are making it convenient and easy for consumers to complete their rides, instead of being limited to the availability of a docking station. In addition to being a fitter alternative, these bike rides are really cost-effective, which would definitely boost adoption. I'd ideally wait for one to three years for the consumer behaviour to shift," says Akash.

Will they make money?

Jaspal believes the inventory model will work better in bicycle renting. Bikes need to be owned - a special type of bike with tech for GPS which is easy to use and can enable a scan code. Ola has already started shifting from aggregator to ownership model to get more cab drivers. "They have deep pockets, so they can invest in assets, and lease out cars to drivers," says Jaspal.

Consumer behaviour, in terms of number of trips in a day, is not clear either. Startups are trying to understand consumer behaviour, and Ola believes the first and last mile can be covered, hence the transit points. In city centres, one might use a bicycle multiple times, whereas office goers will use it only twice a day.

Sanjay adds bike sharing companies are expected to make money through subscription fees towards usage, advertising on bicycles, and monetisation of usage data.

"From what we've heard, prices to be charged could vary from, say, Rs 10 for 30 minutes, which translates to less than Rs 2 per km to the end consumer. Just how Uber and Ola did, they are likely to establish city level operations teams to rebalance and execute regular maintenance of the bicycles," says Sanjay.

Mobycy says it has started operations with 5,000 bicycles, and would like to increase the number to 50,000 in the next six months, and expand to 12 cities by partnering with up to 100 colleges and universities. Zoomcar has started with an offer price of Rs 1 for 30 minutes.

Photo by Zachary Staines on Unsplash

Eventually, competitive market forces will determine the equilibrium price.

Mobycy, on the other hand, has a revenue model based on per ride, partnerships, and advertising. In terms of rides, the company makes dock-less bicycling cheap, at about Re 1 per hour ride, or less.

Under the monthly plan, users pay Rs 99 for two hourly rides per day. Users have to sign up using their Aadhaar identification, and pay a security deposit of Rs 999, which is refundable. For students, the security deposit is Rs 499, and they can sign up with a college photo identification.

Jaspal says there is strictly space for only two players in this market, as a customer base is still being created. Sanjay adds,

"It's early days to draw immediate parallels between India and China. China has much better law enforcement, top-down push, infrastructure. India, on the other, has a real need for this kind of transportation due to space constraints on the road and also pricing sensitivity. The "local" nuances result in added complexities, and thus interestingly, local players may have an added advantage, especially towards on-ground execution."

Uber for X is… Uber
SINDHU KASHYAP , 13 OCTOBER 2016

While the over $66-billion San Francisco giant Uber may be growing bigger, it is branching out by going smaller and deeper. Uber is now focussed on one thing – increasing its market share. And to help that along, the taxi aggregator company will be venturing into providing bus services and has also invested in car leasing company Xchange Leasing.
So Uber is going beyond its 'cab aggregator' image to venture into everything that is transportation-related. A *Mint* report suggests that Uber is planning to enter the minivan and bus ride services in India under UberPool, similar to UberHOP, which functions globally as a scheduled bus service, with designated pick-up and drop-off points at a flat fee.

Image credit: Gokul K
Also, according to a RoC (Registrar of Companies) filing by Mumbai-based Xchange Leasing, Uber has invested Rs 201.71 crore in the car leasing company. Thus, apart from increasing their user base, Uber is also aggressively looking into increasing its driver partner base.

Cracking the India market
After exiting the China market, Uber has become aggressive in India. Jaspal Singh, Partner at Valoriser Transport Consultants, says,
Uber now has no other focus than India, which is a large market for them. It currently accounts for 12 percent of their global rides. But, the cost of these rides aren't high. The only way they can increase this is by giving more rides. And more rides can be achieved with a pool-like service on a larger scale – like a shuttle service.

The gap between Ola and Uber is also fast closing. A *Mint* report suggests that the San Francisco-based cab aggregator's India market share had touched roughly 40 percent at the beginning of the year, from five percent last year.
Here are a list of things Uber has started in India to aggressively gain market share:

1. A dial-in service for Tier II and III cities
2. Uber For Business or U4B – This enables companies to set up corporate accounts and ensure transport for their employees
3. A 150-person engineering and product team for China has now shifted focus to India

4. Schedule a ride
5. Start an India-focussed brand campaign
6. Accepting cash payments.

Though the report calls the minivan and bus service 'Uber Everything', a spokesperson from Uber confirmed that Uber Everything will not be launched in India at the moment.

Over diversifying

Globally, Uber Everything, according to INC magazine, is diving deep into UberRush, which was launched last year, for bicycle couriers and drivers shuttling food and small packages across the cities of San Francisco, Chicago and New York. *TechCrunch* also reported that Uber is focussing on merchant delivery.

There also is UberEats—Uber's food delivery app—which is present in over four countries now— US, Singapore, Australia and London. UberFresh delivers organic fresh food. But even globally experts are sceptical if the concept will work, with many wondering why the company would choose to enter the space, which isn't lucrative.

The Indian tiger

In India, Uber is yet to launch any of these verticals and it still has to take on its Indian rival Ola.

Operating in India for over six years, Ola has a deeper understanding of the Indian market and consumer. It has, in fact, had cash options open since its inception, as Indians are wary of credit transactions, and they have had multiple language apps for their driver partners – both strategies Uber ended up adopting later.

Also, Ola has already been in the shuttle business for awhile and there is no denying the fact that they have a wider range of categories – rentals, outstation, autorickshaws, cab segregation- micro, mini, share, prime and now even luxury. Jaspal also adds that while Uber is focussed on increasing its user base, Ola is focussed on retaining its market position and increasing its revenue.

Bloomberg reports suggest that Uber has expanded to over 28 cities in India and handled over 5.5 million rides per week in August, more than triple the amount at the start of the year. However, Ola operates in three times as many cities when compared to Uber's 28 cities. But Ola, unlike Didi, doesn't have the same funding. Ola has raised over $1.2 billion, but Didi had raised $10 billion and Uber now intends to aggressively pump funds into its India operations.

While speculations are rife on how far Uber will expand and open up different aspects in India, it is to be noted Ola has already tried grocery and café delivery and had to shut down those businesses.

About the author

Sindhu Kashyap
Sindhu believes that everyone has a story to tell, all you have to do is listen. She likes learning new things and believes that there can never be an end to learning. You can reach Sindhu at sindhu@yourstory.com

With zero investment, BlaBlaCar drives more than 3mn rides in 18 months

ATHIRA A NAIR 22 August 2016

When French-born ridesharing platform BlaBlaCar drove into India in January 2015, the country was witnessing the biggest transformation in its intra-city travel. Led by home grown cab aggregator startup Ola and global giant Uber, the startup revolution has changed the way Indians travel inside cities.

But inter-city rides were still open for innovation. That's where BlaBlaCar started a silent disruption. Now present in 22 countries, India was their first choice in Asia. Peer-to peer ridesharing for long distance was a new concept in India. There were concerns of safety and reliability. Yet, in 18 months, BlaBlaCar finished more than three million rides, and is charging for four million by the end of 2016. The 10-year-old company raised $200 million in September 2015.

In a recent interaction with YourStory, Raghav Gupta, India Country Manager, talked about BlaBlaCar's journey. With no resources but their technology, BlaBlaCar has broken into India.

Step by step

For the first six to seven months, BlaBlaCar focused on educating people on the completely new model of long distance travel by ridesharing. "Once they started using BlaBlaCar, we started renovating according to their feedback to make our model more relevant to users. In the last six months, we have seen a strong uptake of the service," says Raghav.

Most users of this model are young business professionals, small retailers, tech savvy college students, and corporate professionals in the 35-58 age group. Since fuel is expensive, and travelling alone for a long stretch is monotonous, many people who used to travel alone are willing to share their empty seats. Once you 'offer a ride' and feed the distance, it tells you how much you can charge. You can bring down the rate if you wish. Users can check your profile before sending you a booking request.

Raghav says that in Europe, BlaBlaCar is cheaper than trains. In India, BlaBlaCar has a slight advantage over the Shatabdi Express; travelling by the train from Bengaluru to Chennai costs Rs 700-800, whereas BlaBlaCar costs Rs 650-700. But their value proposition is availability. For trains, very often, your ticket is in the waiting list. With BlaBlaCar, availability is possible even at the last minute. In fact, BlaBlaCar has tied up with IRCTC, so that those who are waitlisted for a ticket have the option of using BlaBlaCar. It instils confidence in the user as a government body is promoting it.

Raghav claims that those who drive down between cities on a regular basis can bring down their annual cost of petrol by Rs 50,000 through sharing.

Innovations for India

Are Indians open to the sharing economy? Raghav says, "The concept of personal space is important in Europe. They need some incentive to participate in the shared economy. But it comes to Indians naturally – we are used to packed trains. If they are nice people, we are happy to share with them. But India needs a slightly more comprehensive trust and safety capability on the platform."

Raghav Gupta, India Country Manager, BlaBlaCar

India is the first country where BlaBlaCar mandated government IDs from users. "For verification, we acquire their mobile number and email id. We also get details on why they are travelling and their general travel habits. Also, at the end of the journey, there is peer-to-peer rating. Women can choose women-only rides too," says Raghav. He adds that they are taking some of the enhanced verification features to other countries. So far, while delays and cancellations have been known to occur, there has been no harassment or robbery reported.

At the time of their launch, BlaBlaCar took a mobile-first approach. Raghav says, "We expected more traffic on mobile. But most users wanted to test the platform on their desktop before committing to downloading an app as they do not have sufficient memory on their phones. So we changed the mobile-first approach to a full-fledged desktop website." App size does not matter in Europe as phone memory is efficient. But in India, after getting feedback, they reduced their app size from 20MB to 8MB. A mobile website is also very important for them in India, and they are also considering CoD for payments here.

Busy routes

Most BlaBlaCar users travel more than 100 km one way. BlaBlaCar has already covered more than 500 routes. Raghav says that men travel inter-city more than women do, and most women travel accompanied by men in the North of India.

Among their big city-to-big city routes, Bengaluru to Chennai/Hyderabad, Mumbai to Pune, and Delhi to Chandigarh/Jaipur are the busiest. Among the big city–to-small city ones, Bengaluru to Salem is among the top 10 routes, followed by Bengaluru to Vellore and Delhi to Hizar.

Raghav says that small city-to-small city is yet to take off in India. In routes like Salem to Coimbatore, public transport is not great. Jaspal Singh, Partner at Valoriser Consultants, says that this is a viable option for many small towns that are not connected to each other. "Since they have very few options, they would rather share the resources, depending on urgency. It comes out of compulsion," he says.

Market share

City-to-city ride sharing is a huge market, and it does not need any investment as no cars need to be purchased. Ibibo Ryde, Pikup, Pool Circle and Carpool Adda follow this model.

Raghav says that BlaBlaCar competes with public transport, not Ola or Uber. Although Uber had piloted P2P ridesharing in Punjab in late 2015, it did not take off. 'Ola outstation', while long distance, does not follow a P2P model. Raghav says, "Intercity taxis for families cost Rs 4,000-6,000, including return fare. BlaBlaCar is used when only one or two people are travelling. Uber and Ola do not affect us as they are different segments."

Ridesharing is about better utilisation of existing resources. This method is environment-friendly, connects more people, provides flexibility, and takes less time than a bus or a train. Meeting the supply-demand balance, however, is a challenge. People often travel with family, so getting an empty seat is not always

easy. While Indians may be open to sharing space with others when using traditional public transport, they tend to have a mental block when it comes to sharing a ride with strangers. Jaspal says, "Depending purely on P2P may not work in the long term. BlaBlaCar will need to use commercial vehicles for ridesharing in the future."

Future driveways

Carpooling, as a concept, comes under the large umbrella of the shared economy, which a recent PwC report estimated at $15 billion globally. This figure is projected to hit $335 billion by 2025. But carpooling is still new in India, and there is still some scepticism surrounding it. Jaspal says, "Youngsters are risk takers, but BlaBlaCar will have to find out their users' behaviour by collecting data. Government verifications will be time consuming but will provide more confidence."

Although small cities are the best targets, internet penetration and tech awareness is yet to improve. Raghav believes that India will become one of their top five countries in the next two to five years due to the size of the population and the need of support for public transport. They do not charge members at present.

"The plan is to let the members use the service for two years so that they can see value in the service. Once they start appreciating it, we will start monetising it, with about 15 percent of the cost of the ride for the co-traveller as a commission," says Raghav.

With the average commuter facing numerous hurdles, not least of which are ubiquitous traffic jams, an overburdened public transport system and steadily rising

fuel prices, the disruption we have been seeing in road transport in India seems all set to pick up momentum.

EVENTS

Are the regulators and cab aggregators going to find a balance?

SINDHU KASHYAP, 16 JUNE 2016

FACEBOOK

"The biggest challenge of urban life is wasting time commuting," says T.V. Mohandas Pai, Chairman Manipal Global Education at the Uber Dialogue Panel on Progressive Cities for Disruptive Businesses, at 10,000 Startups NASSCOM. Over the past couple of months, there has been enough and more said about the regulatory battle going on between cab aggregators like Uber and Ola and the Karnataka government.

With innovation and newer business models being formed and developed, regulations help keeping in check any unprecedented growth of organisations. However, with newer models being formed, are authorities in tune with the change in dynamics to create laws and reforms?

Room for an open dialogue

Dr. A Ravindra, former Chief Secretary, Government of Karnataka, believed that the issue today needed an open dialogue between regulators and cab aggregators.

Emphasising the importance of having a regulatory authority, Ravindra said,

> **Whether we like particular laws or not is secondary. None of us like income tax, but it is inevitable and important. Similarly, there are laws that govern transport and businesses around it. Regulations are important for public good, but both parties involved need to work on a model that is mutually beneficial.**

However, in the past months, there has been anything but a dialogue. Impounding of cars, rejection of licence applications, confusion over document signatures, cab drivers striking, and fight over surge pricing, all resulting in complete disarray.

(L-R) Pawan, Revathy, Mohandas Pai, Ravindra, RK Mishra, Ravi Gururaj

Changing the landscape, yet illegal

Karnataka Additional Transport Commissioner HG Kumar told YourStory that Uber has been asked to submit sufficient documents to the RTO. "While the computer-generated documents are legally acceptable, it needs to have the signature of both the permit holder and the company to be credible. Uber's documents had only the signature of the company," he said.

While the battle seems to rage on and several facets remain unanswered, over 1,600 new vehicles are added into the city every day. This is simply making the commute for the consumer a painstaking affair.

"When I first came back to India in the nineties, there simply were three ways to go to an airport – one, book a cab a day in advance at ungodly rates, hike a lift from a neighbour, or drive to the airport myself. Today, I simply have to open my app and the cab is booked," said R.K. Mishra, Founder Director, Centre for Smart Cities.

Apart from making commute easier, the cab aggregators have created unique models of jobs and employment. Mohandas believed that over the years, the idea of being a driver has transformed and the idea of innovation and the power of entrepreneurship is in the hands of the common man. This, he said, would never have been possible without technology.

Adding to this, Revathy Ashok, Managing Trustee and CEO B.PAC, said,

> **Modern and innovative ideas have given people the power of choice and free-will. Today, with models like Uber and Ola, there are drivers who are capable of earning close to Rs 50,000 to 60,000 in a month. And that to me is a first sign of a progressive economy where everyone has a choice.**

Rules that are progressive

Bhavik Rathod, General Manager, Uber Bengaluru, in his interview with YourStory, had said, "We are in favour of all regulations, they are a sign that the industry is being recognised. But if we had rules that were progressive rather than regressive, it would be beneficial for all."

With changing technology and the growing use of smartphones, there are certain things that the government yet needs to catch up to. Whether it is understanding the dynamics of app-based e-hailing of cabs or the concept of online payments, there are some matters the government is still very slow in.

Pawan Srinath Head, Strategy and Programmes, Takshashila Insititution believed that when the Motor Vehicles Act was made in 1988 it was made to be progressive and keep the future in mind. He questioned the use of a digital printer in a cab, when you already have an e-bill. He also wondered what would happen even if a panic button was installed and that button was pressed.

> **"Big physical devices just don't make sense. Everything today is on the phone, and tomorrow it might be on the watches or on Goggle Glass. The regulator job is to create mandates like safety, and accountability and let the technology companies come up with solutions on how they will adhere to the same. They are better equipped to come up with solutions that help everyone," said Pawan.**

To surge or not to surge

While the debate on licensing continues, capping on the price limit is still a touchy topic among many. The surge pricing might help cap the growing demand and actually take drivers to where the demand actually is. However, having a 7X or 8X surge pricing isn't helping the common man. The problem of surge pricing currently looks like a chicken-and-egg situation.

Jaspal Singh, Partner at Valoriser Consultants, believes that the drivers may be playing the system, adding that drivers concentrate in one location, switch off their app, and create artificial scarcity. He said that they use the second phone to keep track of the rising prices and once the surge begins, they log back again.

However, R.K. Mishra pointed out that in several cases, without any surge pricing, there would be a dearth in the supply of vehicles. The panelists, nevertheless, agreed that there is a need for creating a dynamic pricing system without monopolising or taking advantage of the end consumer.

The question of safety

One of the main concerns that the regulators have is that of safety. With the alarming and growing number of crimes against women, it has become imperative to have safety as a strong module.

Speaking of this, Revathy added that in many cases the phone might not have signals or might be discharged. Then, there needs to be a strong mechanism in times of distress.

An equally important issue that needed solving was getting in a quicker response time – either from the cab aggregators or the police. In many cases, helplines and panic buttons might not work, and there needs to be an involvement and use of deep technology in this case.

Thus, a consensus emerged at the panel that while regulations are important, it is necessary to strike a balance and accommodate the needs of the government, cab aggregators and everyday commuters.

Are you a FinTech startup founder (or working for a FinTech startup)? We want to know your views to understand the sector, the opportunities, the challenges and the possibilities it presents. Take Kalaari Capital's survey on fintech in India now.

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Sindhu Kashyap 🐦

Sindhu believes that everyone has a story to tell, all you have to do is listen. She likes learning new things and believes that there can never be an end to learning. You can reach Sindhu at sindhu@yourstory.com

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