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Government of India  
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Ministry of Road Transport & Highways  
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दिनांक, नई दिल्ली-110001

Dated, New Delhi-110001

Dated 15<sup>th</sup> December 2016.

No.RT-16017/02/2016-T

To

Chief Secretaries of all State Governments.

Subject : Report of the Committee constituted to review issues relating to taxi permits.

Sir,

MoRTH had constituted a committee to review the issues relating to taxi permits. The report of the committee is enclosed for perusal and appropriate action. The report has been accepted by the Ministry.

Yours faithfully,

( ABHAY DAMLE )  
JOINT SECRETARY (TRANSPORT )

Copy to : Principal Secretary/Secretary (Transport) of all State Governments.

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**Government of India**  
**Ministry of Road Transport and**  
**Highways**

**REPORT OF THE COMMITTEE**  
**CONSTITUTED TO PROPOSE TAXI**  
**POLICY GUIDELINE TO PROMOTE**  
**URBAN MOBILITY**

**December 2016**

## Contents

EXECUTIVE SUMMARY .....	2
REPORT OF THE COMMITTEE CONSTITUTED TO PROPOSE TAXI POLICY GUIDELINES TO PROMOTE URBAN MOBILITY .....	8
I.    INTRODUCTION .....	8
II.   BACKGROUND .....	11
III.  UNDERLYING PRINCIPLES FOR GUIDELINES OF TAXI POLICY:.....	13
IV.  NEED FOR AN EFFICIENT SHARED MOBILITY PLATFORM: .....	13
V.   PROPOSAL:.....	16
1.  CITY TAXI PERMIT SCHEME- .....	16
2.  ALL INDIA TOURIST TAXI PERMIT SCHEME:.....	18
3.  GENERAL CONDITIONS APPLICABLE TO ALL TAXIS:.....	19
4.  BIKE SHARING:.....	22
5.  E-RICKSHAWS: .....	22
6.  AGENTS, RADIO TAXIS AND AGGREGATORS.....	22
VI.  THE GUIDELINES IMPLEMENTATION FOR NCR:.....	27
VII. HARMONIZATION OF VIEWS OF COMMITTEE MEMBERS.....	28
VIII. CONCLUSION .....	29
ANNEXURE-1.....	30
<i>VIEWS OF NITI AAYOG:</i> .....	30



**Government of India**  
**Ministry of Road Transport and Highways**

**EXECUTIVE SUMMARY**

There is a need to create a suitable regulatory framework to promote shared mobility, liberalise the existing taxi permit systems and encourage new forms of urban mobility to create reliable alternatives to car ownership. This was also accentuated by the need to bring aggregators, radio taxi operators and traditional city taxis under a uniform, fair and transparent regulatory framework. Accordingly, the Ministry constituted a committee to review the existing regulatory conditions for taxis and other passenger vehicles in the country. These guidelines would help provide the States with an overarching, common detailed framework to formulate detailed regulations for taxi operations.

Indian cities suffer from severe congestion and pollution in the world. Congestion related loss amounts to Rs. 60000 crore per annum (~ \$ 8.8 billion). The social cost of pollution is also very high. Over half of the world's 20 most polluted cities are in India. A major reason for this has been the uncontrolled growth of cars in our cities. We have added more than double the number of cars in the last sixteen years than we did in the first five decades since Independence. Lack of reliable and convenient alternatives has resulted in this growth of car ownership in the country. The problem is acute even when less

than 5% of India's population owns cars. With heavy in-migration to the cities, it will be unsustainable for India's urban populace to own a car.

The international momentum for reforming the taxi industry has largely eluded India which has resulted in higher congestion and pollution levels in the cities. Therefore, the existing regulations need to be liberalised to promote use increasing use of public transport and dis-incentivise private car ownership.

After reviewing the existing framework, the Committee is of the opinion that the taxi permit regime in India is highly onerous and is limiting the growth of the taxi and shared mobility industry. In most of the cities no new permits for city taxi have been issued after 1998. There are substantial requirements attached to permit conditions that are rendered unnecessary or outdated due to the advent of new technology. We consider these as significant barriers to entry which should be done away with to promote the taxi and shared mobility industry in India.

It has been proven that shared assets help in disincentivizing private car ownership. A research by University of California, Berkeley reveals that each shared car helps in removing 9 to 13 vehicles from the road. The International Transport Forum had also conducted a modelling for Lisbon, where it was found that when cars on road were converted to shared assets--congestion reduced by 37% and parking space freed up by 90%. In this background, the Committee wants to promote shared transportation and ease many bottlenecks that have prevented the growth of the passenger taxi operations.

We feel that steps should be taken to improve the asset utilisation and to provide safe, secured, affordable and accessible taxi services to the public. We propose an unhindered grant of taxi permits to accommodate the growing demand.

Private vehicles may also be given an opportunity to easily convert into one of the commercial permit types. The Committee has also taken a view that irrational conditions should not be prescribed for aggregators, agents or radio taxi operators so as to make the entire operations economically unviable. The Committee is also supportive of the practice of dynamic pricing within a specified range to efficiently match supply and demand during peak hours as long as consumers are appropriately protected.

In summary, the Committee has sought to achieve the following goals through this policy:

1. evolve uniform, national guidelines responsive to state specific requirements
2. facilitate safe, convenient and reliable transportation for citizens in cities around India
3. lower entry barriers to the commercial taxi operators/ aggregators and promote opportunities amongst the unemployed youth in the country
4. encourage shared transportation assets and limit private car ownership to alleviate the acute congestion and pollution in cities
5. encourage and permit new forms of urban mobility like bike sharing and e-rickshaws
6. liberalise the overall industry and embrace technology
7. create a national eco system for taxi aggregators.

We have considered the views of all committee members and responded appropriately in the final section of this note including those from the Transport commissioners of several states, the Ministry of Women and Child Development and the NITI Aayog.

The key recommendations made by the committee are summarised hereunder:

1. There is a need for national level policy intervention to promote shared mobility over private vehicle ownership to reduce congestion and pollution in urban agglomerations.
2. States should facilitate unhindered grant of permits for City Taxi and AITP without any restrictions on numbers.
3. The City Taxis may continue as street hailing taxis. However, they may also be allowed to ply on the aggregator platform, if they so desire.
4. To reduce delays and to embrace digital technology online grant of the permits is recommended. It is further recommended to allow online conversion of compliant personal vehicles to commercial taxis on payment of requisite charges so as to facilitate use of idle assets.
5. The AITP taxis may be allowed to operate for all purposes except as street hailing taxis. These vehicles would have to comply with the fuel specified for the city while operating for aggregators for intra city transport on long term hiring/ leasing, for ferrying employees of IT Companies and call centres.
6. Taxis must comply to the stipulations laid down by the transport department with regard to safety & security of the passengers. The drivers' photo identity along with the registration number of the taxi should be clearly visible to the passengers. The taxis must also have a valid permit, insurance, fitness certificate and PUC at all times. The Taxis must also be fitted with GPS.

7. The committee strongly recommends to avoid unreasonable restrictions that will make taxi operations economically unviable, thereby causing inconvenience to the citizens and increased use of personalised vehicles

8. There should be no restrictions on the choice of the operator or aggregators with regard to composition of the fleet, i.e. deluxe and economy.

9. The Aggregators should get the App validated from Standardisation Testing and Quality Certification (STQC) or any other agency authorised by Ministry of Electronic and Information Technology (MEITY). Aggregators should take measures including a firewall for the security of the personal data of the passengers.

10. Based on the Excise duty criteria and the fact that over 87% of the cars are less than 4 metres length, the Taxis may be segregated into Economy (less than 4 m) and deluxe (more than 4 m) categories. The Committee strongly recommends that the tariffs of Deluxe Taxis should not be regulated and be allowed to be determined by market dynamics.

11. The committee recommends range bound dynamic pricing to be allowed to effectively match demand and supply. It is felt that the maximum tariff may be permitted up to three times the minimum tariff. To increase the availability of taxis during the night time, the committee recommends that maximum tariff may be allowed up to four times that of minimum tariff from 12 midnight to 5 am in morning. This would ensure adequate supply during peak hours and at night. Alternatively, the aggregators may be asked to provide the minimum fare that would be charged from the customers and the State Transport Department may fix a multiplier to cap the maximum fare. This would help in meeting the peak load requirements of the taxi users.

12. The Aggregators should have a physical presence in the respective State of operations.

They should provide a grievance redressal mechanism and should also have an emergency response centre to handle SOS alerts by passengers. The App should also have adequate safety features for the passengers such as sharing the ride details.

13. In order to provide cheaper travel solutions and to reduce the number of cars on road, sharing of seats may be allowed on aggregator based taxis with express consent of the passengers.

14. States may place appropriate cap on the duty hours of drivers in the interest of road safety and in consonance with labour laws.

15. The states should promote bike sharing and e-rickshaws for last mile connectivity.

The Committee is of the opinion that the above policy guidelines would help in healthy growth of the taxi industry. It will reduce congestion and pollution in cities, help in creating a safe and secured passenger transport eco-system for urban mobility and stimulate employment and investment.

The Committee recommends that these guidelines should be reviewed periodically to keep pace with the technology and innovations in the taxi industry.

# **REPORT OF THE COMMITTEE CONSTITUTED TO PROPOSE TAXI POLICY GUIDELINES TO PROMOTE URBAN MOBILITY**

## **I.INTRODUCTION**

Sustainable mobility for all is a coveted goal of a developing country, like India. Public Transport System should therefore be efficient, safe, competitive and financially sustainable. A strong public transport system not only helps to address problems of traffic congestion and reduce pollution levels but also promotes safe and sustainable environment for citizens. A Robust public transport system brings about positive change in traveller behaviour who then readily switches from personalized transport to public transport system. Taxi service is a part of wider public transport network. It has been seen that, in an urban setting, an individual's travel journey is multi-modal. If we want to have transit oriented cities, we need high quality, door to door service that allows spontaneous travel for commuters. Since origins and destinations have a geographical asymmetry in an urban setting, people prefer to use taxis to reach destinations, which are outside the fixed route public transportation system. This clearly outlines the importance of taxis service as being a critical aspect of a transit system. Taxis enable car-less travellers to switch modes in the middle of the journey. This 'asymmetrical mode share' is a hallmark of transit oriented cities which allows people to use transit, share rides and otherwise travel without a private car. In this way taxis potentially act as complement to other modes and help discourage auto ownership and use.

2. Recently in urban areas of India, IT app based taxi services have become very popular among citizens. Riders have option of better pricing and more nimble technology to book a ride without much hassle. Several taxi aggregators have expanded their business operations as the demand for such taxis is popular among urban populace. This system provides convenience to commuters as the service is readily available at a click of a button. On the providers' side, city

taxis with valid permits have been doing brisk business providing a win-win situation for both parties i.e. users and suppliers of taxi service.

3. However, it has been observed that many aggregators based taxis operating exclusively within the city limits have not been found to conform to the rules set by the state transport authorities. Some serious areas of concern relate to predatory pricing, surge pricing, inaccuracy of distance measures by application based platforms, safety and security of passengers, proper background check for drivers etc. There have been additional concerns of existing taxi owners /companies, regarding loss of livelihood for them, as aggregators target individual car owners with taxi permits who are allowed to keep substantially part of the fare as, the latter charges maximum up to 20% of the fare as their fee for getting business. Therefore, taxi regulations are a necessary part of urban transportation and governance. Taxis are akin to public utilities like subways and bus systems, and regulations are required to ensure a safe ride for the commuter with predictable fare.

4. With the above back ground, the Ministry of Road Transport &Highways has constituted a Committee under the Chairmanship of the Secretary (Road Transport & Highways) in May 2016. The other members of the Committee were:-

- i) Joint Secretary (Transport), MoRTH
- ii) Transport Commissioner, Government of NCT of Delhi
- iii) Transport Commissioner, Government of Madhya Pradesh
- iv) Transport Commissioner, Government of Maharashtra
- v) Transport Commissioner, Government of Telangana
- vi) Deputy Secretary (Transport) - Member Secretary

5. The terms of reference of the committee were as under: -
- i. To examine all the issues related to various permits under the Motor Vehicle Act, 1988.
  - ii. To consult all the stakeholders i.e. black/yellow taxis, aggregators, radio taxis, etc.
  - iii. To formulate a credible and acceptable plan of action and frame draft scheme under the existing provisions of the MV Act, 1988.
  - iv. Any other matter that the Ministry of Road Transport & Highways may choose to request the Committee to examine and consider.

6. Subsequent to the directions of High court of Delhi in W. P. No. W.P. No. 6000 of 2015 and 6668/2015, filed by Association of Radio Taxi and others, vide its order dated 11.08.2016 , one senior officer each from Ministry of Information and Technology, Central Pollution Control Board and Advisor (Transport) NitiAayog and Special Police Commissioner (Traffic, Delhi Police), were added to the Committee . Further, one representative of Ministry of Women and Child Development was also added to the Committee on their request.

7. The committee has held three meetings to discuss the various issues relating to Public Transport through Taxis. Some observations have come on the taxi aggregation policy. Various stakeholders views were also heard by the committee. The Committee also examined the draft report prepared by the Government of NCT of Delhi.

## **II. BACKGROUND**

1. At present there are 4 categories of taxi permits available in regulations under shared mobility , which are as under :-
  - a. City Taxi Permits
  - b. All India Permits for Tourist Transport Operators (AITP)
  - c. Radio Taxi Permits
  - d. Rent a Cab (For Car Rentals)

Restrictions placed on the issuance of City Taxi Permits by many states have resulted in an artificial scarcity of the city taxi permits. For example, no new city taxi permit has been issued in Delhi and Mumbai since 1998. Such ceilings were imposed ostensibly to control congestion and pollution. But to the contrary both went up substantially. We have added more than double the number of cars in the last sixteen years than we did in the first five decades since Independence. As a result of restrictive practices for city taxi permits, there have been attempts to ply taxis holding All India Tourist Taxi Permit (AITP) as city taxi. These taxis typically do not comply with regulations of the State Transport Department with regard to the installation of fare regulations, GPS devices, drivers badge and fuel type.

These ceilings on city taxi permits also hurt the consumers due to irrational rent seeking. This artificial scarcity of the city taxi permits is one of the main reasons for evolution of other modes of city taxi services as, citizens were in dire need of such taxi services which started operating due to high demand, providing relief and convenience to the public.

## **2. The Recommendations of the Group of State Transport Ministers:**

The forum of Group of State Transport Ministers constituted vide Notification No. RT-25028/01/2016-RS dated 2<sup>nd</sup> March 2016 to examine the best practices in road safety and road transport sector and to suggest actionable points for implementation, also made pertinent observations regarding shared mobility, which are as follows: -

### **A. Liberalizing intra-city taxi permit system and other automobile aggregation policy**

- i. Liberalise the City Taxi permit scheme
- ii. The rules relating to fares, fuel and safety as to be followed by all Taxis mandated by the Transport Department.
- iii. Upper cap for the fares be fixed by the Transport deptt.
- iv. Aggregators may be permitted to aggregate taxis with legally valid permits.

### **B. Improving parking facilities for taxies and other public transport vehicles in the cities**

- i. Reserve at least 20% space in Public parking lots for Taxis.

### **C. Steps for promoting low cost last mile connectivity solution**

- i. Allow e-rickshaws and two wheeler taxis to ply as low cost last mile connectivity solutions for the passengers
- ii. Allow seat sharing in taxis & auto rickshaws.

### **III. UNDERLYING PRINCIPLES FOR GUIDELINES OF TAXI POLICY:**

Based on the discussions and feedback from the stakeholders the Committee has formulated the following guidelines for adoption by the States. The underlying principles of these guidelines are as under:

- a. Facilitating public convenience with regard to mobility**
- b. Ensuring safe and secured environment for passenger mobility. The taxis must conform to all the regulations laid down by the transport department including fuel.**
- c. Reducing pollution and consequent stress on environment**
- d. Simplifying the transport systems by removing artificial restrictions in the mobility trade.**
- e. Reducing congestion on streets and emphasize more on creation of infrastructure for parking.**
- f. Recognition of right to conduct business including taxi operations.**
- g. Promoting shared mobility and a shift from personalized transport to public transport.**
- h. Ensuring optimal asset utilization**

### **IV. NEED FOR AN EFFICIENT SHARED MOBILITY PLATFORM:**

One of the biggest challenges of rapid urbanisation is the corresponding demand for efficient means to provide urban mobility. Economic growth in the country has led to an increase in aspirations and desires of citizens as well. One of the most significant indicators is rise in car/ individual vehicle ownership.

While the Government is working towards enhancing infrastructure to accommodate more vehicles, but the problem of congestion continues due to rise in population, urban migration and growth in personal vehicle ownership. Smarter cities have to be built on the backbone of better and efficient mobility. With the objective of promoting new forms of public transport, it is imperative that more commercial vehicles and shared mobility assets are added in our cities. The international momentum for reforming the taxi industry has largely eluded India which has resulted in higher congestion and pollution levels in the cities. Therefore, the existing regulations need to be liberalised to promote use increasing use of public transport and dis-incentivise private car ownership.

In India, over the years personalised transport has gained strength and public transport has deteriorated in terms of quality of service. Many States have placed restrictions on the number of taxis and auto rickshaws plying in the cities, with no such restrictions ownership of private vehicles. The taxi industry has been one of the most heavily regulated sectors in India. These regulations have created high entry and licensing barriers, making it tougher for new vehicles to enter the market. As a result, taxis now ply within city limits by taking an All India Tourist Tax Permit (AITP). These taxis do not comply with the regulations of the Transport Department with respect to Installation of fare regulators, GPS devices, driver's badge, fuel type etc. Globally, there is a growing consensus for reforming the taxi industry and easing the extant regulatory bottlenecks with the objective of providing better mobility options to consumers.

In the last 15 years, 20 million cars have been added in comparison to 7 million cars over first five decades since Independence (1951 to 2000). Private vehicles are the most underutilised assets that individuals purchase. Around the world, private cars are not utilized for over 90% of the time. In addition, average occupancy of a car is 28%, which means that where a vehicle has the capacity to

carry 4 people; it carries 1.15 persons. This low utilization - high ownership model is unsustainable in the long run and requires a policy intervention to encourage shared cars over private vehicle ownership. Hence taxi systems need to be more aligned to the needs of the citizens.

The International Transport Forum at OECD has conducted a study in 2016 by simulation, where shared mobility was delivered by a fleet of six-seat vehicles (‘Shared Taxis’) that offer on-demand, door-to-door shared rides in conjunction with a fleet of eight-person and 16-person mini-buses (‘Taxi-Buses’) that served pop-up stops on demand and provide transfer-free rides. The Rail and subway services were also operating on the same pattern. The study showed that, congestion had disappeared, traffic emissions were reduced by one third, and 95% less space was required for public parking in model cities were served by Shared Taxis and Taxi-Buses. If such arrangements are done the car fleet needed would be only 3%. Although, each car would ply almost ten times than usual mileage, even then, total vehicle-kilometres would be 37% less even during peak hours. Longer distances travelled imply shorter life cycles for the shared vehicles which in turn enables faster uptake of newer and cleaner technologies contributing to rapid reduction of CO2 emissions.

Another Study by E. Martin, S. A. Shaheen, and J. Lidicker, of the Transportation Sustainability Research Centre, University of California, Berkeley, has concluded that one shared car can replace 9 to 13 owned vehicles. Therefore, in the interest of promoting shared mobility, reduction of congestion, improving air quality and dis-incentivising private car ownership, a policy needs to be created to promote more shared transportation assets by liberalising the permit system for transport vehicles and simplification of the processes thereof;

Innovation in mobility sector coupled with liberalisation of the regulatory regime will make a significant impact on our environment as shared assets would provide better last mile connectivity and affordable mobility options for commuters.

## **V. PROPOSAL:**

Liberalised Taxi Permit Regime: Restrictions placed on the number of taxis to be withdrawn, in order to reduce reliance on personalised transport and corresponding load on the parking infrastructure in the cities. *It is proposed that the permits for the taxis may continue to be issued in existing categories of City Taxi and AITP* salient features of the proposal to liberalise the taxi scheme is as under:-

### **1. CITY TAXI PERMIT SCHEME-**

The taxis that can be hailed on the street fall under this category. The existing City Taxi Scheme may be permitted to continue. However, the restrictions placed on the number of city taxis to be removed so as to facilitate more taxis on city roads. Additionally, these street hailing city taxis shall also be allowed to ply through taxi aggregators to promote efficacious asset utilisation.

The salient features of the City Taxi permits are proposed as under:

- The street hailing taxis operating from point to point basis at prescribed fares within the city (or beyond as may be permitted by the State Transport Department) will come under the domain of the city taxi permit schemes.
- The city taxis would have to comply with the fuel type specified by the Transport Department of the State, keeping in view environmental considerations, fuel availability and infrastructure etc.

- The city taxi will have to be fitted with auto fare meters or Mobile-digital fare Applications as specified by the Transport Department of the State.
- The city taxi should be branded with a clear sign (TAXI) on the top of the vehicle which should be illuminated at night.
- These taxis would also help in providing employment amongst youth.
- The compact car taxi of length less than 4 metres are to be categorised as economy taxi whereas the taxis of the length 4 m and above may be categories as deluxe taxis. This is in consonance with the criterion set by the Ministry of Finance for identifying cars for lower excise duty rates. The fares may be regulated for the city taxis by the transport department for the respective category.
- To maximise utilisation of city taxis, they could also be allowed to run through the aggregator's app based service platform in addition to their regular street hailing operations. This will potentially enhance the revenue earning capacity of the Taxis.
- While operating under aggregators, the requirements for the app based taxis would be applicable to such taxis and the fares would be charged on the basis of the aggregator's app.
- The city taxi will be allowed to ply beyond the urban agglomeration (as per latest census) up to a distance of 10 kms or more if so specified by the Transport Department. In case such limits transgress into the jurisdiction of another State, then the same may be undertaken on a reciprocal basis.

## **2. ALL INDIA TOURIST TAXI PERMIT SCHEME:**

It is seen that a large number of taxis plying on a point to point basis within cities use an All India Tourist Taxi Permit (AITP). These taxis are being used for both tourist and non-tourist purposes. Various businesses and government agencies have been using AITP cars. The number of AITP permits has increased exponentially over the years. The AITP rules do not prohibit the use of such vehicles within the city.

With the above background, it is now proposed that the taxis with AITP permit may be allowed to ply for all purposes (both tourist and non-tourist purposes), except as street hailing taxis. Limiting the use of AITP cars for tourist purposes alone, would create a vacuum in the contract carriage sector and result in under-utilization of cars leading to increased personalized car ownership. These vehicles will have to comply with the fuel requirements specified by the transport department when plying in one of the following categories:

1. Point to point operations within city limits under the aggregators.
2. For the purposes of ferrying employees of a company/ Call centers/ BPOs/ KPOs or any employer under contract carriage.
3. Long term hiring by a government, public or private sector enterprises for use by its employees.
4. Any other category as the transport department of the State deems fit to encourage the use of specified kinds of fuel.
5. The taxis plying under AITP may ply inter-State or inter-city.
6. It is proposed that no new taxi should be used for any of the above purposes unless they comply with the fuel type mandated by the Transport department. In respect of existing vehicles operating on a fuel type other than that prescribed by the transport department, it is suggested

that such taxis may be allowed to operate till the validity of the existing permit. In respect of NCR, the directions given by Honøble Supreme Court in the case of MC Mehta should be applicable. Remaining taxis with AITP would ply normally as contract carriage.

It is also recommended that if any aggregator wishes to deploy digital or electronic platform to improve productivity and utilization of the vehicles and offer better convenience to the customers, then they may be permitted to operate under Section 93 of The Motor Vehicles Act. However, the taxi would have to comply with all the above regulations. Committee strongly recommends that the States should not impose unreasonable restrictions that will make the taxi operations economically unviable causing inconvenience to the citizens and increase in use of personalised vehicles. There should be no restrictions on the choice of the operator or aggregators with regard to composition of the fleet. The taxi aggregators with the help of digital platform have helped in improving the asset utilisation of the taxis and provided comfort to the consumers also. They have helped in reducing the artificial scarcity that had arisen due to restrictions on number of city taxi permits. The aggregators need to adhere to the regulations framed by transport department while operating within the city.

### **3. GENERAL CONDITIONS APPLICABLE TO ALL TAXIS:**

- **Sharing of Seats:** To provide cheaper travel solutions to the common man and to maximize utilization of vehicles in eco-friendly way, it is recommended that seat sharing should be permitted in the taxis operated by aggregators subject to the express consent of the passengers.

- The Transport Department may facilitate online conversion of AITP permit to city taxi permit or vice versa subject to compliance of regulations of City Taxi Rules. The charges for city taxi permit scheme and the charges for change of permit may be decided by the States. As recommended earlier the charges should be reasonable and equitable across different permit types so as not to make the operations economically unviable.
- Private car owners willing to convert their cars into taxis may be permitted to apply for such permits online and may be allowed such conversion on payment of requisite fee and compliance of stipulations for tax permit. This will help in utilization of existing idle assets. Any such conversion should be permitted only if the vehicle complies to latest emission norms.
- All the taxis should have a fire extinguisher of at least 1 kg capacity.
- They should also have a medical kit which may be required in emergency.
- The taxis may be allowed to carry advertisements on all sides except right side so as not to distract the opposite vehicular movement.
- All the taxis will have to be under proper maintenance at all times. The taxi should be neat and clean and the taxi driver would have to comply with the dress code specified by the State Transport Department.
- Vehicles plying as taxi should have a valid PUC, fitness certificate as well as a valid insurance.
- The Driver's identification along with the photo and registration number of the vehicle should also be prominently displayed in the taxi.
- The city taxis may be required to pay annual or one-time permit fee as fixed by the State Transport Department.

- States may devise appropriate strategies to promote use of electric and eco-friendly taxis.
- States may also create eco-system to have better representation of women drivers for taxis.
- The states should make efforts to create special Taxi Parking zones. It is proposed that at least 20% of public parking places should be earmarked free of cost for taxis and to compensate for the revenue loss the parking charges for the remaining parking lots may be increased by 25% or as may be decided by the concerned local authority/State.
- The taxis should be mandatorily fitted with GPS Panic button devices as mandated by the Central or State Governments that connect to the Police control room or any other portal prescribed by the state government. The States may mandate any additional gadgets/ devices to ensure safety and security of the passengers. The committee proposes such mandates, if any, should be reasonable and should not impose unnecessary costs to the operator/ owner so as to render the operations unviable.
- For the safety of women and child passengers, the central locking system in the taxis should not be allowed.
- The State Transport Department(s) may mandate requirement of police verification, holding of certain educational qualifications, periodical medical check-up and undertaking specific training programmes for the drivers entitled to drive city taxis.
- Women Drivers: The State Government should take appropriate measures to promote skilling programs and facilitate removal of entry costs so as to encourage more women to join the mobility industry as commercial drivers. It is highly recommended that State Governments should have focused driver skilling programs for women and waives all regulatory requirements to ensure entry of more women in the transport sector.

- **Unhindered Online Issuance of Permits:** With a view to encourage shared mobility and efficient utilization of transportation assets, the states should not impose restrictions on the number of taxis in all types /categories; Secondly, States should create appropriate provisions for grant of online commercial permits through Vahan Portal;

#### **4. BIKE SHARING:**

The State Transport Department may allow two-wheeler taxi permit on the lines similar to those for city taxi. This will offer an economical and convenient last mile connectivity solution to the citizens. It is highly recommended that existing private bikes may be allowed for such transportation in order to facilitate utilisation of idle assets and State Governments may also consider online option to allow private bikes to convert to taxis.

#### **5. E-RICKSHAWS:**

The States also should allow e-Rickshaws to ply on the city roads for last mile connectivity as they offer zero-pollution and low cost transport solutions. They are safe for women and children in view of open structure of the vehicles. The States may place appropriate restrictions with regard to movement of e-Rickshaws in view of the differential speed of traffic on specified stretches of roads.

#### **6. AGENTS, RADIO TAXIS AND AGGREGATORS**

An aggregator is a digital intermediary or market place for a passenger to connect with a driver for the purpose of transportation.

The aggregators can aggregate all types of vehicles however they will have to ensure that the vehicle complies with all the regulations. The services can be provided for intra city as well as inter-city operations. As recommended earlier the city taxis may be permitted to be aggregated to promote the asset utilisation.

The three-wheeler auto-rickshaws can also be brought under aggregation which would offer convenience to the commuters. It is recommended that a suitable service charge may be allowed by transport department to be charged by the aggregators for such service.

As recommended earlier, the aggregators should be allowed to aggregate the AITP Taxis for intra-city operations only if the taxis comply with the fuel type specified by the State Transport Department. Aggregators, Radio Taxi operators or other Agents should ensure they have received an appropriate license from the Transport Department of the State Government under Section 93 of the Motor Vehicles Act, 1988 before starting transportation services within a State.

- a. The existing Aggregators, Radio Taxi operators or Agents may be granted a period of 90 days from the date of the state's notification to comply with the licensing provisions.
- b. Aggregators, Radio Taxis operator and Agents should ensure that their platform or business is operated in compliance with the Permit conditions of the vehicles registered in their network.
- c. Aggregators, Radio Taxi operators and Agents should:
  - i. Have a physical presence /premise in the concerned state. They should have a functional grievance redressal system which should be duly publicised.
  - ii. Make available an emergency response centre to handle SOS alerts by passengers as prescribed by the States.
  - iii. Aggregators should preserve and provide on demand the data regarding taxi trips and customers for a period specified by the State Transport, Police or any other enforcement authorities as per law.
  - iv. Clear display of a photograph of the driver or description of the vehicle (including license plate number) should be provided to the

rider on the web or mobile application as well as inside the car, so as to enable verification of the same once the Vehicle arrives with the said driver, details of which has been received via the Agent, Aggregator or Radio Taxi operator.

- v. Develop and include a feature in the mobile application that provides riders the ability to share their location with a minimum 2 persons within their safety network.
- vi. Develop and include a feature in the mobile application that gives riders the ability to contact local police in case of an emergency.
- vii. Follow the directions / guidelines of the State in terms of maximum duty hours of drivers to promote road safety and to comply with the labour laws.
- viii. Violation of the stipulated rules by the taxi operators/ drivers should be strictly dealt in accordance with law.

d. In the event of an incident of a criminal nature involving a trip booked through the Radio Taxi Operator, Agent or Aggregator platform, such Aggregator, Radio Taxi Operator or Agent should immediately inform and cooperate with relevant authorities upon lawful request.

e. Radio Taxi Operators, Agents or Aggregator Platforms must establish a policy of zero tolerance for discrimination or discriminatory conduct while a driver is working on such platforms. Discriminatory conduct may include:

- a) refusal of service;
- b) using derogatory or harassing language directed at passenger;
- c) rating a passenger on the basis of sex, race, caste, creed, religion, or nationality.

f. Radio Taxi Operator, Agent or Aggregator Platform shall upon receiving a complaint from a passenger containing an allegation that the driver operating through the Radio Taxi Operator, Agent or Aggregator Platform violated the zero-tolerance policy for discrimination immediately suspend the services of such driver, for the duration of the investigation by the Licensee.

g. One-time Software & Quality testing of the Fare calculation platform

It is recommended that the algorithms used for distance and fare calculation, fare calculation etc should be checked and validated for accuracy. Quality of these software applications should be audited by from Standardisation Testing and Quality Certification(STQC) or any other agency authorised by Ministry of Electronic and Information Technology (MEITY), on a one-time basis.

STQC or other nominated agency of MEITY should validate the attributes used by cab aggregators to calculate the shortest path for any inaccuracy and this validation should be maintained. This would also ensure that the customers are not overcharged.

In the interest of security of personal data, the Aggregators should provide options to the consumers whether they want to share the data on their mobiles with the aggregators or not. Express consent of the consumers should be obtained to share the personal data and it should be ensured that all the data is protected by a firewall. However, if any such data is requisitioned by any enforcement agency then the aggregators would be bound to provide the same.

h. Tariffs for aggregator based taxis:

As discussed above the taxis operating under aggregators may also be categorized in economy and deluxe segments. The committee strongly recommends that the tariffs of deluxe taxi segment should not be controlled and market dynamics should be allowed to determine the tariffs. The State Transport

Department may however regulate the fares of the taxis in economy segment with the overall objective of facilitating the citizens with adequate supply at reasonable prices.

For economy taxis, States may fix minimum as well as maximum fares charged by the aggregators. Committee is of the opinion that the dynamic pricing is an effective tool to equilibrate local short term supply during peak load situations. However, the committee feels that very high degree of variation in pricing should not be permitted as it may lead to exploitation of consumers in the time of crisis. Based on the discussion amongst the committee members, and the experience of city taxis, it is felt that the maximum tariff may be permitted up to three times the minimum tariff. To increase the availability of taxis during night time, Committee recommends that maximum tariff may be allowed up to four times that of minimum tariff from 12 midnight to 5 am in morning. This would ensure adequate supply during peak hours as also during night time. Alternatively, the aggregators may be asked to provide the minimum fare that would be charged from the customers and the State Transport Department may fix a multiplier to cap the maximum fare. This would help in meeting the peak load requirements of the taxi users.

While fixing the tariffs, the states may engage the services of transport economists and related experts who would be able to provide a scientific approach to determination of tariffs and permit charges. This would ensure that the tariffs fixed will be consistent with the mobility eco-system.

As recommended earlier, the street hail taxis may also be permitted to register on Aggregator platforms and be allowed the flexibility of charging fares in accordance with above clauses while operating through aggregators. The

passenger shall be provided a receipt at the end of the trip which shall be in electronic or physical form.

## **VI. THE GUIDELINES IMPLEMENTATION FOR NCR:**

Committee is of the opinion that the above guidelines should be applicable uniformly in the National Capital Region (NCR) so as to offer seamless connectivity to the occupants of the region. Committee recommends that the above guidelines may be sent to the concerned States for taking a decision on taxi policy for NCR. The States may agree to adopt the uniform policy for improving connectivity and reducing stress on the dense areas in the NCT.

## **VII. HARMONIZATION OF VIEWS OF COMMITTEE MEMBERS**

The views of Niti Aayog have been annexed to this report (Annexure ó 1). They have been duly considered by the Committee.

During the meeting held on 25.10.2016, Transport Commissioner, Maharashtra stated that the draft rules framed by Government of Maharashtra may be considered. The draft policy provides for a permit fee of Rs 2.61 lacs for taxis above 1400 cc. It also mandates the aggregators to have 50% of the fleet from the taxis above 1400 cc.

As already expressed above, the committee feels that the conditions for the taxis should be such so as not to make the entire operation economically unsustainable. The intention is to promote the use of shared mobility to facilitate the citizens, therefore stiff entry barriers are not recommended. The committee is of the opinion that the composition of the taxi fleet should be decided by the aggregators / taxi operators as per the market dynamics.

Representative from Ministry of Women & Child Development recommended that the CCTV camera to be focused towards the drivers and not on the passengers. In this regard, it was clarified that no CCTV cameras are being recommended by the committee. With regard to the suggestions of doing away with the central locking systems on the taxis and penalties for violations, it was agreed to be included in the guidelines. The suggestion regarding provision of glass/metal mash between the driver and the backseat passengers was not found acceptable. The committee was of the opinion that taxis in the country do not have sufficient space to have partitions between the driver and the back seat passengers. This may also not be suitable from automobile safety point of view. The suggestion of display of photo ID with name and driving licence number of the driver along with the vehicle number inside the vehicle was accepted. However, it was opined that mention of these particulars outside vehicle may not serve any beneficial purpose.

The representative of Delhi Government recommended installation of GPS fare meter in addition to the device used by the aggregators so that the customers can know the correct distance and fare. The other committee members were of the view that this would be against the basic principles of the aggregator based taxis. Further, the committee has already recommended that the algorithm used by the taxi aggregator should be examined by Ministry of Electronics & IT.

Representative from Niti Aayog recommended that minimum and maximum fares as well as the multiplication factors should be left to market forces. The representatives from the States were of the view that this may lead to extortion and harassment of the passengers. Committee is of the opinion that in the interest of the common man, restriction on the dynamic pricing has to be in force in respect of economy taxis while the tariffs for deluxe taxis may be de-regulated.

The committee, therefore, recommends a multiplication factor of three and four to be allowed over the minimum fare during the day time and night time respectively.

## **VIII. CONCLUSION**

The Committee is of the opinion that the policy guidelines would help in healthy growth of the taxi industry. It will reduce congestion and pollution in cities, help create a safe and secured passenger transport eco-system for urban mobility and stimulate employment and investment.

Committee recommends that the above guidelines should be reviewed periodically to keep pace with the technology and innovations in the taxi industry.



## **ANNEXURE-1**

### **VIEWS OF NITI AAYOG:**

#### **1. Fixing of minimum tariff**

*The concept of fixing a minimum tariff for taxis has not been supported by NITI AAYOG on account of lack of precedent, legal considerations, problems associated with enforcement. They have observed that, any law to fix a minimum fare shall be struck down by Court and it would also be difficult to prosecute /penalise any taxi operator if they were charging below the minimum fare. Enforcement of minimum tariff could promote 'inspector raj' and encourage corruption. The concerns arising out of the fear of predatory pricing may be addressed in the same manner as they are addressed in the case of other goods and services. The jurisdiction of the Competition Commission of India may be invoked, if necessary. Apprehensions that predatory tariffs could eventually lead to creation of monopolies is unfounded as taxi services have no entry barriers and thousands of individual entrepreneurs can operate freely in the present and future space. The prevailing best practice in developed countries may be studied to ascertain the nature and extent of minimum tariffs, if any, prevalent.*

#### **2. Surge pricing**

*NITI AAYOG recommends that there should not be cap on the surge price, just as there is should be no lower floor price. Market competition should decide the price levels. However, in order to protect the consumers in emergency situations, there can be a clause to suspend or cap surge during heavy rain, floods or any other emergency situation. NITI AAYOG feels that if entry barriers are low*

*and steps are taken to increase supply (as has already been done in the MoRTH report) then competition rather than regulation is a better way to govern the market.*

### **3. Reclassification of city cab services**

*The NITI Aayog has not supported any move to compel AITP operators to obtain city cab permits, which according to them will give rise to permit raj, which the Government is trying to demolish. They have wholeheartedly supported, the rapid expansion of app-based taxi services using the All India Taxi Permit (AITP). This has completely transformed the city cab services and provided welcome relief to city commuters. It is now proposed by MORTH to require AITP operators to obtain city cab permits. This will introduce an unnecessary regulatory burden and reduce the 'Ease of doing business' which is a key focus area of the Government, especially as India ranks a low 130 among nations. They have proposed for minimal regulatory interventions to address deficiencies such as use of fuel type. For example, app-based services operating from one point to another in the same city may be required to adhere to the fuel type presented to the city cab service of that city.*

*The distinction between city cab permit and AITP is artificial. If this is to be removed, a better way to do so would be to allow conversion of city cab permits into AITP rather than the other way round. Any measures that increase the regulatory burden should normally be avoided.*

#### **4. Proposal to issue license to Aggregators**

*NITI AAYOG has not supported the proposal of MoRTH where in, Aggregators should obtain a license under Section 93 of the Motor Vehicles Act. At present all Aggregators are functioning without a license. Since all taxi/bus owners are licensed entities, there is no need for a separate license to be issued to the Aggregators who will be covered under the extant laws covering IT based platforms.*

#### **5. Online License**

*Taxi licenses should be given online, on the basis of pre-specified criteria for grant of license. A license should either be given within 15 days of application or it should be deemed to have been given.*

#### **6. Classification of vehicles**

*NITI Aayog is of the view that vehicle classification should be done on engine type and not on the length of the vehicle. For example; cars of 1400 cc and below should be categorised as economy vehicles.*

#### **7. App-based bus services**

*NITI AAYOG wanted the report to also focus on the need for app based Bus services, for expansion of the same is far more critical in meeting the challenges of urban transport. In this context, the following is noteworthy:*

*(a) Bus transport ensures an optimum usage of the available road space by transporting the maximum number of people per unit of road space. A bus carrying 40 passengers uses only 2.5 times more road space than a car that can carry*

*maximum four people. On an average, a bus is far more fuel efficient per rider basis when compared to a four-wheeler.*

*(b) According to a report by TERI, by 2025 the number of cars will approximately equal to 45–60 million. This translates to 35 cars per 1,000 populations by 2025 in which some cities are expected to have 300 or more cars per 1,000 population. For instance, Delhi could have about 380 cars per 1,000 populations taking the total cars in the city from 2 million in 2011 to about 10 million by 2025. Additionally, during last decade (2001–11) India added 8.5 million cars that are more than the total number of cars added during the first five decades since Independence (1951–2000) which was equal to seven million cars. It is expected by Goldman Sachs that the auto sales volume in 2025 will be over 7.4 million in India and the country will become the third largest car market in the world.*

*(c) India faces the problem of extreme concentration of vehicle ownership, particularly in urban centres. According to NTPDC report, Delhi comprises of 1.4% of the Indian population but accounts for more than 7% per cent of all motor vehicles in the country. “As of 31 March 2011, there were more than 7.23 million registered motor vehicles in Delhi compared to a population of 16.7 million residents and about 600 additional vehicles are being registered everyday”.*

*(d) Rising car ownership bring about problems of vehicle parking and reduced road space. Congestion on roads lead to reduced average speed below 15 Km/h and increase travel time. According to Cap-Gemini, the IT sector in Bangalore*

*lost Rs. 22,000 crores in 2015 due to traffic congestion. A similar study conducted at the National Level by IIM Kolkata found that in 2015, the economy lost Rs. 60,000 crore per annum due to traffic congestion.*

*(e) It is evident from the above that taxi-buses have an important role to play in addressing traffic congestion. An existing example lies in the large number of contract buses that transport office-commuters from NOIDA/Gurgaon to Delhi. Recently, some shuttle bus services have also been seen in Delhi.*

*(f) Bus permits, therefore, need to be liberalised. Just as AITP taxis are being used by app-based service providers, AITP/contract buses should also be enabled and encouraged to provide services to the commuters on a shared basis through app-based aggregators.*

#### **8. Car-pooling for private cars**

*Pooling / sharing of private cars through appropriate app-based solutions have been supported. MORTH should announce a clear policy specifying the parameters and regulations applicable for app-based sharing of private cars.*

#### **9. Model Schemes**

*It is recommended that this Committee/MORTH should evolve and circulate model schemes/regulations for State Transport Departments to give effect to the recommendations of the Committee.*

#### **10. Third Party liability of Aggregators**

*Aggregators should be responsible for undertaking due diligence of the vehicles provided through their portal which can inter alia include (a) due diligence with respect to vehicle requirements (e.g. appropriate permits, certificates, insurance); and (c) due diligence with respect to drivers (driving license, background verification, service provider-driver agreements). MORTH/State Transport departments may refrain from framing rules/guidelines that have the potential to be misused or are difficult to monitor and enforce.*

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