

## Competition Assessment of The Ride Sharing Industry

### Background & Rationale

The emergence of shared-economy has enabled people to use underutilised assets via fee-based sharing. Optimum utilisation of resources is the key factor of shared economy. Common examples of shared-economy are: house renting, connect homeowners with people who need a place to stay when they are traveling; or, in case of the urban transport, the concept of collaborative consumption is facilitated through ride-sharing/car-sharing, which has not only flourished across the globe but is also making commute easier and cheaper for public.

There have been numerous modes of public transport available in metro cities of India, such as metro (subway), traditional taxi (radio, normal and tourist) services, cycle and auto-rickshaws and public buses. The latest addition to the taxi industry is the taxi-aggregator model (also known as ridesourcing), which links individual drivers/car-owners to consumers, through the use of technology, i.e. the internet. Obtaining cabs through internet/apps offers substantial improvement over availing cabs and other public transport services through conventional models such as calls and reaching out to stands (Bus/Auto-rickshaw/Taxi). Added to this, it may not just be fast but is cheaper, convenient and devoid of hassles, as compared to existing taxi models, as well as private transport to an extent. Further, taxi-aggregators may also be providing an effective solution to problems of urban mobility, in terms of congestion, parking and pollution.

With the exponential growth of taxi aggregators traditional modes of transports are getting impacted. Thus it is imperative to understand the changing competition scenario in the urban transport industry, due to the introduction of newer models of urban mobility such as taxi-aggregators and ride-sharing. Such research is necessary to assess direct and indirect impact of competition in urban transport industry and may also help the policy makers to make decisions about regulations of both new and old modes of public transport. Better understanding of the evolving competition scenario can help policy makers to understand the consumer's choice.

### Methodology

The key steps that will be involved in undertaking the study have been elaborated below:

#### 1. Preparatory Work

This activity includes literature review, identification of factors for assessment of relevant market (the relevant product and relevant geographic market) and indicators for assessment of competition in the relevant market. This analysis will help frame the broad contours of the questionnaire for market survey and stakeholder interactions.

#### 2. Engagement with survey agency and conducting survey to ascertain relevant market

This activity includes framing of the survey questionnaire for determination of relevant market. An independent survey agency will be hired for conducting the on-ground survey. The survey will focus primarily on assessing demand and supply side substitutability, among other things identified from activity.

### 3. Draft note on the relevant market

On the basis of primary data collected from survey findings and secondary data, draft note on the relevant market will be prepared and finalised.

### 4. Stakeholder interactions and data analysis for ascertainment of competition

The present level of competition will be ascertained based on analysis of secondary data and interactions with the relevant stakeholders (stakeholders include the ones who have been identified previously from the relevant market analysis). The interactions will also cover assessment of the impact of entry of taxi aggregators on competition in the market.

### 5. Draft note on assessment of the level of competition

On the basis of secondary data and stakeholder interactions, draft note on the assessment of competition in the relevant market will be prepared and finalised

## Output

A research report analysing the primary and secondary research will be prepared. Also, CUTS will indulge in advocacy and outreach for disseminating the finding of the study.

## Expected Outcome

- Better understanding of the competition scenario in the urban transport industry vis-à-vis the advent of new modes of urban transport, including ridesharing taxi services provided through taxi-aggregator platform
- Impact of new modes of urban transport on different stakeholders in sector
- Roadmap for further research and guide to policy makers on better regulation and service delivery

