**Submission to the Committee for Reviewing the Pros and Cons of Implementing Car and Bike Planning in Bengaluru**

## 1. About CUTS

1.1. Consumer Unity and Trust Society (CUTS) is an independent non-profit consumer organisation. It promotes consumer welfare through evidence policy research and advocacy for optimal regulation, competition, and governance across sectors, including urban mobility.

1.2. CUTS has recently concluded a study on Regulatory Impact Assessment of Maharashtra City Taxi Rules[1] and is currently implementing a study on Competition Assessment in Ride Sharing Industry[2]. It has engaged with Parliamentary Standing Committee on Transport, Tourism and Culture[3]; Ministry of Road Transport and Highways;[4] and state governments of Rajasthan[5], Madhya Pradesh[6], Chandigarh[7] and Gujarat[8], on urban mobility related regulations.

## 2. Background

2.1. We understand that the Government of Karnataka has set up a committee under the chairmanship of the Managing Director, Bangalore Metro Rail Corporation Limited (BMRCL) for reviewing the pros and cons of implementing Car and Bike planning in Bengaluru (Committee).

2.2. The Committee is likely to submit its recommendations on implementing the "Bike model system in Bengaluru" and "Efficient and Sustainable Transport in Bengaluru".

2.3. In this regard, CUTS is pleased to make its submissions for the consideration of the Committee, as set out below.

## 3. CUTS' submissions

3.1. Over the last few years, app linked transport services have emerged as one of the key modes of satisfying urban consumers' demand for mobility, and creating additional entrepreneurship and employment opportunities. In Maharashtra Metropolitan Region area, the app linked taxis have estimated to have grown at CAGR (compounded annual growth rate) of 66.33 percent between 2013-14 to 2016-17.[9] In Delhi-NCR region,

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[1] http://www.cuts-ccier.org/RIA_Maha_City_Taxi_Rules_2017/Publication.htm
[2] http://www.cuts-ccier.org/Cars/pdf/project_brief.pdf
[3] http://www.parfore.in/Representation.htm
[4] http://www.cuts-ccier.org/pdf/Advocacy-CUTS_Comments_on_the_MoRTH_Taxi_Aggregator_Guidelines.pdf
[5] http://www.cuts-ccier.org/pdf/Advocacy-Rajasthan_draft_agg_rules.pdf
[6] http://www.cuts-ccier.org/pdf/CUTS_Comments_on_Draft_Madhya_Pradesh_Aggregator_for_the_Hire_of_Motor_Cab.pdf
[7] http://www.cuts-ccier.org/pdf/Advocacy-CUTS_comments_on_draft_Chandigarh_Administration_On_demand_Transportation_Technology_Aggregators_Rules,%202016.pdf
[8] http://www.cuts-ccier.org/pdf/Advocacy-CUTS_Comments_on_Draft_Gujarat_State_on_Demand_Transportation_Aggregator_Rules2018.pdf
[9] Supra note 1

around 61 percent riders[10] listed app linked transport services among their top four modes of travel.

3.2. The popularity of app linked shared transport services is on the rise. In Delhi-NCR region, around 45 percent riders listed app linked shared taxis among their top four modes of travel. App linked bikes appear to be popular among students and low income group riders in this region.[11] Consequently, these modes likely to be critical to attract new users, while being efficient and sustainable transport options.

3.3. Unreasonable regulations have the potential to impose avoidable costs on stakeholders, including riders, which may result in unintended consequences, such as exclusion of potential riders and limited innovation. For instance, we estimated that per day cost to riders and drivers may increase by up to 40 percent and 93 percent, respectively, if select provisions of the Maharashtra City Taxi Rules, 2017, were implemented in their present form. The provisions related to imposition of permit fee, public service vehicle badge, colour standardisation, among others.[12]

3.4. We found that riders of app linked transport services are usually not concerned about the type of license/ permit possessed by drivers or the colour of vehicle (or license plates). Moreover, the requirement to obtain additional license/ permit may impose unreasonable monetary and opportunity cost on drivers. Consequently, there is a need to design alternative efficient modes to fix accountability of drivers and app based platforms. Some alternatives could be: deemed license/ permits, rationalisation of license/ permit fee; use of temporary stickers to identify app linked vehicles; providing different options for establishing drivers' authenticity and making platforms responsible for their training. Some of these could be considered by the Committee as well.[13]

3.5. It will be necessary to remove disincentives for app linked shared transport services and incentivise app linked bikes services in Bengaluru. Light tough regulation of such modes is likely to enhance first and last mile connectivity for ease of riders, reduce personal vehicle ownership, traffic congestion and vehicular pollution.[14]

3.6. Regulations usually intend to promote consumer safety and address innovation related risks. The Regulatory Impact Assessment (RIA) framework helps in estimating costs and benefits of possible regulatory options on different stakeholders while also assessing likelihood of achievement of regulatory objectives. It can be used to achieve regulatory objectives in a manner that net costs to stakeholders are significantly outweighed by net benefits. Thus, it is recommended that the Committee uses RIA framework in designing regulations for 'Bike Model system' and 'Efficient and Sustainable transport' in Bengaluru. CUTS would be pleased to assist the Committee in designing and conducting RIA.

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[10] CUTS' consumer perception survey (to be published): sample size was 1377 users of app based services; multiple choices permitted.
[11] Ibid. Around 50% users of app linked bikes were students.
[12] Supra note 1
[13] Supra note 1
[14] Supra note 10. Metro emerged as the most preferred mode of public transfer in the survey.