

Startups offering ride-shares set to gain as taxi aggregators face roadblocks across states



BENGALURU/HYDERABAD: **Ride sharing** -where commuters travelling in the same direction join forces to ride in one vehicle -is poised to gain customer interest as taxi aggregators in several states face the heat of scrutiny from authorities that have deemed their services illegal.

A number of startups like **RidingO**, **Poolcircle**, and **Let's Drive Along** have been set up in the past two years in India's chaotic metros introducing a new concept of transportation that is more affordable, accessible, and environmentally sustainable.

"There is a need for behavioural change among people and in future, ride-sharing will scale up to address spontaneous demands," said Vardhan Koshal, co founder of Bengaluru based ride share platform **RidingO**, founded last year.

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"Though corporates can't actively endorse us, they encourage employees to be a part of it," said Koshal whose company's services has been integrated with the Karnataka Government's e-governance app among a bouquet of key services.

India's largest taxi aggregator **Olacabs** too is exploring the opportunity of carpooling in India. "The idea is still at a very nascent stage but it is one of the next big areas Ola would be keen on exploring," said a source directly familiar with the matter. Rival service **Uber** -which has been under fire following the alleged rape of a lady passenger by a driver registered on its network in Delhi -announced a car-pooling service in the US called **UberPool** that lets customers pick up other riders and split the bill.

Uber notes the feature serves as a kind of "social experiment" and will help save riders between 20% and 50%. The service is not available in India as yet. Legal experts are of the view that individual drivers looking to monetise this service could run-in with the law as it is prohibited to use private vehicles to drive business or benefits. "Carpooling comes under the grey areas of the law if the owner of the car derives monetary benefits as Section 66 of Motor Vehicles Act prohibits using private vehicles for hire or rewards," said says Vaibhav Parikh, a partner at Nishith Desai Associates.

"This may work if it is on the basis of cost sharing but not deriving benefits or business out of the rideshare. However the app provider may not be liable as they are charging a convenience fee only for bringing the two parties together," he said.

The revenue models vary among players. "The passengers maintain a wallet on **Riding-O**. After each ride we transfer the smart-points to the car owner who can redeem it as fuel costs from a petroleum company with which we have a tie-up," said Koshal, co-founder at Bangalore based ride-share platform **Riding-O**.

In case of another platform, **rahi**, the user is charged a commission per km during a ride.

Security concerns drive these rideshare platforms to operate with corporate employees and academic institutions. "Travelling with a bunch of familiar people is always a better idea than commuting alone and incidents like these remind you to be extra cautious with your safety,"

said Delhi based-chartered accountant Ankita Sahwany. "However safety features like GPS tracking etc I would take as essentials even when I am looking at carpooling."