

Bike taxis get Centre's legal kickstart

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The Centre has issued an advisory notification to state governments, clarifying the definition of bike taxis. The notification, titled 'Motorcycles fall within the definition of contract carriage as per Section 2(7) of the Motor Vehicles (MV) Act, 1988', was issued by the Ministry of Road Transport and Highways (MoRTH) on January 22.

This move now allows motorcycles to operate legally as contract carriages in India, potentially opening up new transportation options and income opportunities.

A contract carriage, according to the MV Act, is a vehicle carrying passengers for hire under a specific agreement. This agreement involves renting the entire vehicle for a fixed price, based on either distance or time, with or without a specific route. Unlike public buses, it cannot pick up or drop off additional passengers during the journey.

"It is clarified that as per Section 2(28) of the MV Act, vehicles having less

BUMPS AHEAD



► **What the advisory says:** Motorcycles fall within the definition of 'contract carriage'

► **What experts say:** States and UTs will need to update their procedures and guidelines to accommodate motorcycle permits

► **What's the hurdle:** States can refuse permits by introducing state bike taxi policy

than four wheels fitted with an engine capacity exceeding 25cc are also included within the definition of motor vehicles. Hence, 'motorcycles' shall fall within the ambit of Section 2(7) of the Act," the advisory notification says.

Legal experts suggest that although the central notification clarifies the legality of bike taxis, states and Union Territories (UTs) will need to update their procedures and guidelines to

accommodate motorcycle permits.

"MoRTH has issued this advisory clearing the regulatory dilemma. It is clear from the advisory that two-wheelers are covered under the definition of 'motor vehicles'. State governments should follow the advisory and register and issue contract carriage permits to two-wheelers," said Abhishek Awasthi, senior partner, AZB & Partners.

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Experts view the government's move as a positive step towards addressing the concerns of numerous bike taxi drivers and aggregator companies. Nevertheless, they caution that obtaining permission to operate remains a challenge since road transportation falls under the purview of the state.

Additionally, they highlight that while this advisory is encouraging, it does not constitute an amendment to the MV Act, 1988.

However, all states/UTs are advised to accept and process applications for contract carriage permits for motorcycles in accordance with the provisions of the MV Act and the rules thereunder.

The central government's clarification arrives in the midst of an ongoing legal battle between state governments and aggregators, particularly in states where regulations on bike taxis remain undefined.

Aggregators assert that bike taxis not only offer affordable transportation and livelihood opportunities but also bridge gaps in public transport networks. Conversely, the government justifies its efforts to ban bike taxis, citing safety concerns and the need for adherence to existing regulations. Several states, including Delhi, Karnataka, and Maharashtra, have already enforced bans on the use of bikes as taxis, with others following suit.

Industry experts suggest that this advisory will be applicable to states lacking specific bike taxi policies. Among these are Jammu & Kashmir, Ladakh, Himachal Pradesh, Arunachal Pradesh, Nagaland, Manipur, Tripura, Sikkim, Punjab, Gujarat, Jharkhand, Chhattisgarh, Maharashtra, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, and Kerala.

Industry players acknowledge the relief provided by the Centre, but they emphasise that their legal challenges are ongoing.

"States like Karnataka have not only ceased bike taxi operations but have also implemented taxi fare capping. It is good that we will not have to fight battles on all fronts now," a source from a cab aggregator says.

