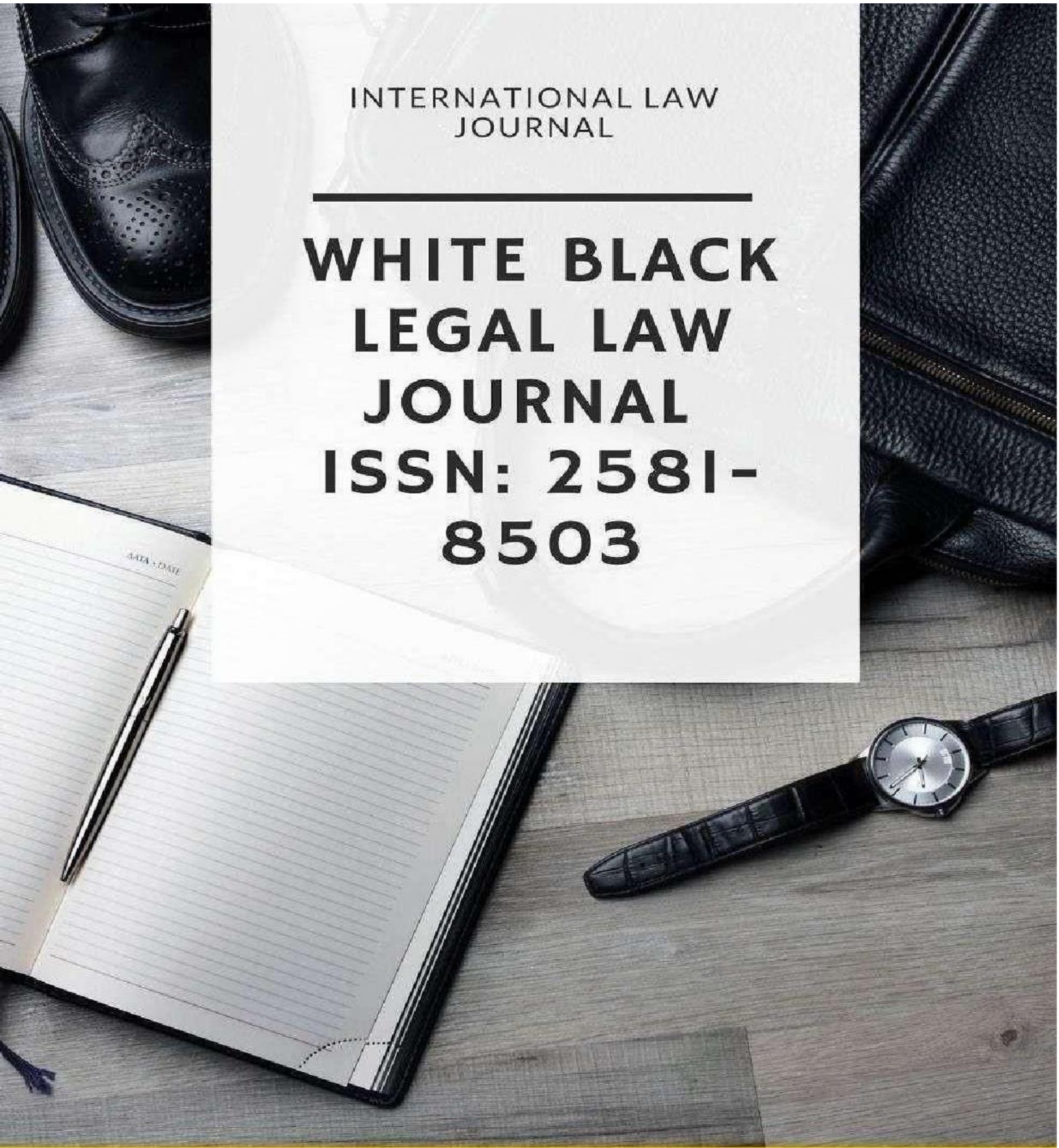

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BHARAT TAXI: THE FUTURE OF NATIONAL RIDE-HAILING OR A LIABILITY MINEFIELD?

AUTHORED BY - VANSH SRIVASTAVA

INTRODUCTION

The Home Minister of India recently announced the rollout of Bharat Taxi, the nation's first-ever cooperative-led ride-hailing platform in Gujarat, making it the 14th operational city for the platform all over India[1]. This platform serves as the direct competitor of industry giants Uber, Ola and Rapido, but at the same time uses a zero-commission based model unlike them.

The platform operates through Sahakar Taxi Co-operative Ltd. (STCL), which was incorporated on June 6, 2025 under the Multi-State Cooperatives Societies Act 2002. By virtue of which, it serves as an opportunity for drivers to be co-owning members of the cooperative in contrast to that of independent contractors, as often seen in the established players.[2]

The STCL operates under the Ministry of Co-operation, established in 2021, and constitutes of 8 major nation-wide co-operatives, namely IFFCO, KRIBHCO, NAFED, GCMMF, NABARD, NDDB, NCEL and NCDC.[3]

A taxi-based service inherently comes wrapped with disputes, from software glitches, driver misbehavior, accidents, and everything in between. The expansion and the subsequent vision that comes with it pose an interesting question about liability for damages arising out of the operations of a national cooperative-based taxi service, and the extent of liability faced by the co-operative.

THE CURRENT INDUSTRY PRACTICE FOR LIABILITY AFFIXATION

The claim of Uber, Rapido and Ola rests upon the legal characterization that they are just tech-based platforms, rather than transportation providers. [4]Thus, they just enable users to coordinate with third party members, and are absolved from liability arising from the same.

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1 Press Information Bureau, Government of India, *Union Home Minister and Minister of Cooperation Shri Amit Shah Today Launched Bharat Taxi for Gujarat from Gandhinagar.*

2 Ministry of Cooperation, Government of India, *Unstarred Question No. 3690: Sahakar Taxi Cooperative Ltd.* (Mar. 25, 2026).

3 Ibid.

4 Uber India Systems Pvt. Ltd., Terms and Conditions s.2 (2021).

The Supreme Court in Samir Agarwal v CCI[5] rejected the argument that aggregators function as an association of drivers, and reinforced the structure by treating the platform as an independent enterprise that merely facilitates transactions between riders and drivers.

The rulings on these have largely been subjective, the law requires aggregators to maintain certain necessary standards under the Motor Vehicle Act Aggregator Guidelines, 2025, for instance, the minimum insurance guidelines[6] which pose a minimum of Rs. 5 Lakh obligation on cab aggregators for passengers and Rs 5 Lakh health insurance for drivers, among other requirements.

However, Indian courts have still contextually shut down claims made by these companies of the drivers being "independent contractors" by holding them vicariously liable for their drivers' actions, as in Kavita S. Sharma v. Uber India Systems Pvt. Ltd [7]and Uber India Systems Pvt. Ltd. v. Upendra Singh[8]. Thus, to avoid liability, the aggregator has been required to show that the damage arose from conditions outside its control, also known as the control test. An inability to do so still holds the aggregator liable for the acts of independent contractors in question.

Official data from PIB states that from January 1, 2020 to July 13, 2022, 8740 grievances were registered on National Consumer Helpline against cab aggregators, while this data is outdated, considering that this data is from the COVID-19 era, and change in market forces, it will only be fair to assume that this has increased. Thus, even after having several protections, the risk of liability posed on current aggregators is high[9].

IS BHARAT TAXI AN AGGREGATOR UNDER THE MV ACT?

While there is no public knowledge about Bhrat Taxi's aggregator status, relying upon the MV Act, which defines an aggregator as a digital intermediary or market place for a passenger to connect with a driver for the purpose of transportation[10], and Clause 3(d)(i) of the bye-laws of Bharat Taxi explicitly states that the Society shall operate and maintain a user-friendly mobile and

[5] Samir Agrawal v. Competition Commission of India, (2021) 3 SCC 136.
[6] Motor Vehicle Aggregator Guidelines, 2025, *cls. 9.5, 11.2(i)–(ii).*
[7] *Kavita S. Sharma v. Uber India Systems Pvt. Ltd.*, Complaint Case No. CC/21/61, District Consumer Disputes Redressal Commission, Thane (Oct. 26, 2022).
[8] *Uber India Systems Pvt. Ltd. v. Upendra Singh*, First Appeal No. A/637/2023, Delhi State Consumer Disputes Redressal Commission (Nov. 11, 2024).
[9] Press Information Bureau, Government of India, *8740 Grievances Registered on National Consumer Helpline Against Cab Aggregators in the Last Two and a Half Years* (July 20, 2022)
[10] Motor Vehicles Act, 1988, No. 59 of 1988, s 2(1A) (India).

web-operated Sahakar Taxi application for ride booking, vehicle tracking, and maintenance. It is safe to say that is is an aggregator under the act.[11]

The MV Aggregator guidelines 2025, primarily its applicability clause, which state that.[12]

1. The applicability of these guidelines extends to any aggregator operating within a State.
2. These guidelines shall not be applicable to entities that limit themselves to the provision of an interoperable network to aggregators licensed by the Competent Authority and do not directly undertake onboarding of drivers or motor vehicles or both.
3. These guidelines shall not be applicable to entities that are engaged in the sale of tickets for travel by public service vehicles.

The taxi service bye-laws through clause 1(3)[13] state that Delhi, Uttar Pradesh, Gujarat and Maharashtra are the areas of operation, applying the 1st clause. The second exemption carves out entities that limit themselves to providing an interoperable network to other licensed aggregators and do not directly onboard drivers or vehicles. STCL does the opposite through clause 4(1)(a)[14] of the bye-laws, which admits individual drivers and vehicle owners as ordinary members of the Society while clause 6 lays down detailed criteria for admission as driver members. The 3rd exemption to applicability also does not stand true as Clause 69[15] of the bye-laws makes clear that pricing is set by the Society per market conditions and that the maximum fare goes directly to drivers, a ride-hailing fare structure, not a ticket-based public service vehicle model.

Further, the USP of Bharat Taxi, that the drivers are not independent contractors, but instead members of the national cooperative[16]. This is critical in the current situation, as by virtue of the drivers being members of the co-operative, they become one with Bharat Taxi, in contrast to the otherwise standard practice in the industry.

Another notable feature of Bharat Taxi is its emphasis on driver welfare. Each Sarathi (driver) is provided with a family health insurance cover of ₹5 lakh and a personal accident insurance cover

[11] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 3(d)(i) (2025).
[12] Ministry of Road Transport & Highways, Government of India, *Motor Vehicle Aggregator Guidelines, 2025* cls. 2.1–2.3 (July 1, 2025),
[13] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 1(3) (2025).
[14] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 4(i)(a) (2025).
[15] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 69 (2025).
[16] Sahakar Taxi Cooperative Ltd., *Bye-laws* cls. 5–7 (Membership), cl. 3 (Objects) (2025).

of ₹5 lakh[17]. These welfare measures align with the objectives of the Motor Vehicle Aggregator Guidelines, 2025, which mandate that aggregators provide health insurance of not less than ₹5 lakh to every onboarded driver[18]. Whether this is just a precautionary measure or legal compliance is debatable.

WHAT DOES THIS SAY ABOUT BHARAT TAXI'S LIABILITY?

Bharat Taxi's liability also depends on whether it just functions as a national co-operative or as a state under Article 12 of the Indian Constitution[19]. As discussed above, STCL's formation is done through governmental establishment under the Ministry of Co-operation and 8 co-operatives, most of which can be argued to be state.[20]

Thus, if STCL is to be classified as a state, the extent of liability will now not just be restricted to the MV Act and its guidelines but will further extend to the constitution and through it the Fundamental Rights, while at the same time opening a pandora's box for litigation against the state. Therefore, posing the question of whether it is a state or not is of grave importance, and subject to judicial scrutiny, but considering the status of the co-operatives that form it alongside the bye-laws which at several levels involve the government in the functionality of the co-operative, this surely will be an interesting avenue to look at when it comes around. Other factors apart from mere judicial scrutiny can also be that the operations are under the ministry of co-operation, suggested by the Home Minister, and according to clause 3(2)(o)[21] and 3(2)(n)[22], in furtherance of several governmental schemes.

Although even without classification as a state, the lack of drivers as independent contractors, the intent behind which is driver security and socio-economic welfare, leads to an unintended consequence of an increased burden of liability. Further, being an aggregator under the MV act, and its highly comprehensive aggregator guidelines, under which even companies like Uber and Ola, who claim drivers to be independent contractors, face high judicial scrutiny, adds to the problem. Coupled with high governmental involvement, it absolves immense driver accountability and put it on the co-operative.

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[17] Supra Note. 1
[18] Ministry of Road Transport & Highways, Government of India, *Motor Vehicle Aggregator Guidelines, 2025* cls. 11.2(i)–(ii) (2025)
[19] India Const. art. 12.
[20] Supra Note 1
[21] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 3(2)(o)(2025).
[22] Sahakar Taxi Cooperative Ltd., *Bye-laws* cl. 3(2)(n)(2025).

It will also be interesting to look at how the control test factors into this dynamic, the entire purpose of which is to see how controllable a situation caused by independent contractors was by the aggregator, but since that is not the case here, a well-established judicial test and its applicability come into question.

While obviously drivers might still be situationally held liable, the cooperative STCL will have a higher vicarious liability in most conditions, and when these conditions arise, the defense will be weaker than the ones used by current industry players operating through independent contractors, who themselves face high judicial scrutiny based on data above.

CONCLUSION:

Bharat Taxi and STCL are thus novel experiments in public interest capitalism, wherein a state-backed co-operative has stepped into a market dominated by private aggregators, armed with zero commission and low driver dignity.

As an aggregator under the Motor Vehicles Act and the 2025 Aggregator Guidelines, STCL is subject to the same regulatory framework that already imposes significant liability on Uber and Ola, platforms that, despite maintaining the independent contractor fiction, face thousands of consumer grievances and periodic judicial repudiation of that very fiction. STCL enters this regulatory environment without even the fiction to rely on. Secondly, the driver-member structure, which is STCL's commercial and ethical USP, is precisely the feature that forecloses the independent contractor defence. Where private aggregators have at least a contestable argument, STCL's own bye-laws eliminate it at the threshold. Thirdly, the institutional composition of STCL, its governmental sponsorship, its operation under the Ministry of Co-operation, its mandate to act as an implementing agency for government schemes, and the Article 12 status of several of its founding members raise the prospect that STCL may itself be classifiable as State, triggering constitutional liability.

These problems might significantly alter its ability to effectively contest, let alone replace companies like Uber, Ola and Rapido. A huge determinable factor will be how courts in India manifest this problem into reality and navigate this risky terrain. What is inevitable is that as Bharat Taxi expands, these questions and their intricacies will not remain merely theoretical and interesting to observe from both legal and commercial angles.