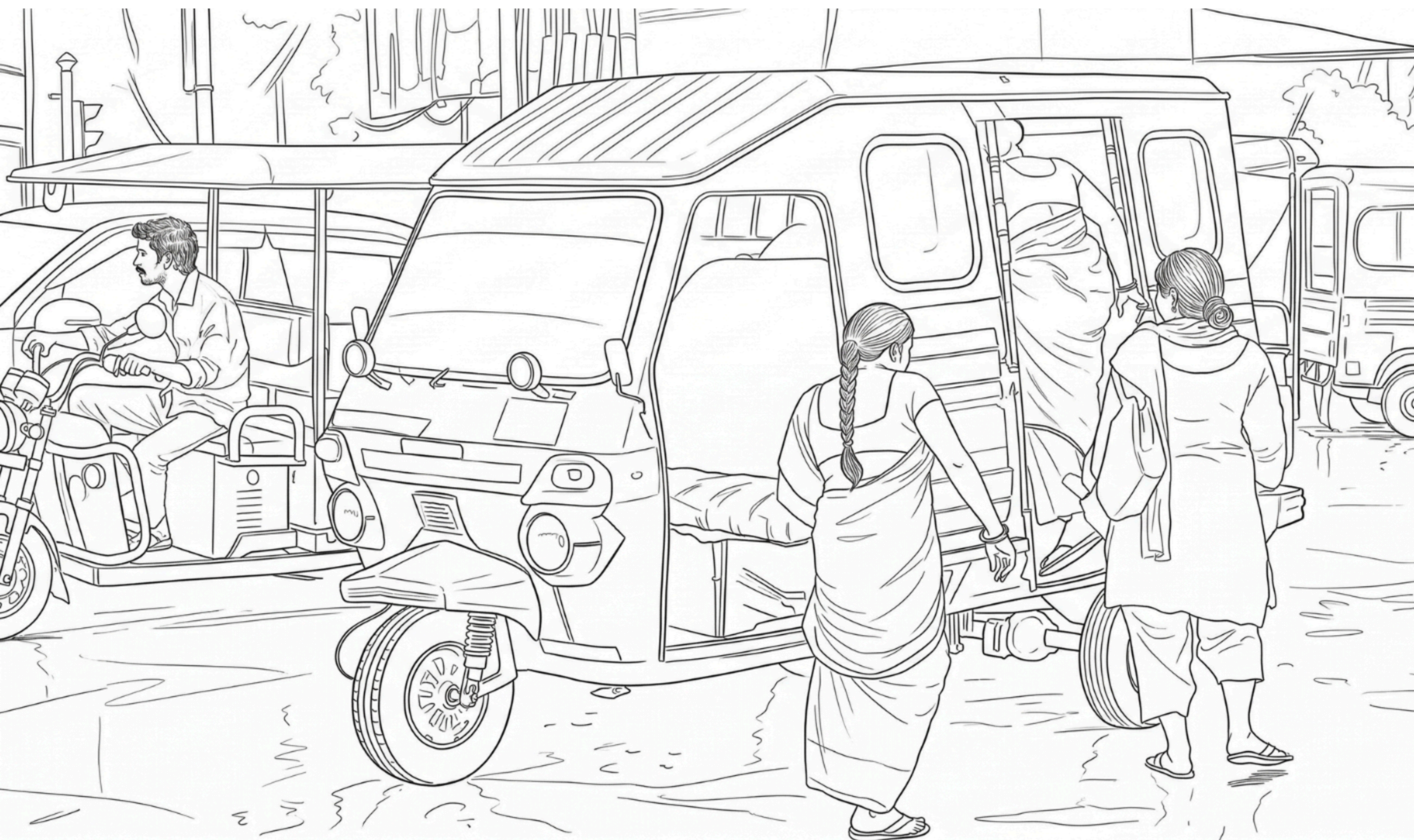


Brief No. 026

April 2026

WHY SHARED MOBILITY SERVICES CANNOT LEGALLY OPERATE IN KARNATAKA:

Regulatory Constraints within the Stage-Contract Carriage Framework



Nikhil Ali, Senior Associate, Research (Urban), CPPR
Dr D Dhanuraj, Chairman, CPPR

Published in April 2026

Published by

Centre for Public Policy Research (CPPR)
First Floor, Mandoli House, New Link Road
Elamkulam, Kochi, Kerala, India-682020
www.cppr.in | E-mail: research@cppr.in

Distributed by Centre for Public Policy Research, Kochi

Copyright © Centre for Public Policy Research, Kochi

All rights reserved. This publication, or any part thereof, shall not be reproduced in any form whatsoever without permission in writing from the publisher.

Views expressed by the authors are personal and need not reflect or represent the views of the Centre for Public Policy Research

Contents

1. Background and Problem Statement	2
2. Regulatory Framework Governing Small Passenger Vehicles in Karnataka	3
3. Stage Carriage Framework Cannot Accommodate Shared Mobility	5
4. Karnataka MVR Provisions Restricting Shared Mobility in Contract Carriages	5
5. Policy Options for Introducing Shared Mobility in Karnataka	9
6. Recommendations	10
7. Conclusion	11
References	12

POLICY BRIEF

Shared Mobility in Karnataka: Regulatory Constraints within the Stage–Contract Carriage Framework

Prepared for: Policymakers, Transport Department Officials, Regional Transport Authorities

EXECUTIVE SUMMARY

Shared mobility services in smaller passenger vehicles such as autorickshaws and motorcabs are structurally incompatible with Karnataka's current regulatory framework. The Karnataka Motor Vehicles Rules (KMVR), 1989, and the Motor Vehicles Act, 1988, regulate vehicles by drawing a strict distinction between stage carriages and contract carriages. Autorickshaws and motorcabs are licensed as contract carriages, which legally prohibits multiple passenger boardings and route-based operations. Provisions relating to fare meters, designated stands, route obligations, and permit conditions collectively prevent shared operations in these vehicles. Further, the 2016 amendment to the Karnataka Motor Vehicles Rules introduced a specific penalty for contract carriages that operate in the manner of stage carriages, reinforcing the enforcement risk for any operator attempting to provide shared services. While the 2019 amendment to the Motor Vehicles Act introduced flexibility for last-mile connectivity, rural mobility, and improved transport facilities, Karnataka has not operationalised these provisions to enable shared services in small vehicles. As a result, shared mobility is not merely underdeveloped; it is legally constrained by design.

1. Background and Problem Statement

Shared mobility services using smaller vehicles have emerged in many Indian states as a market-driven response to gaps in urban and rural connectivity. These services carry multiple independent passengers, charge per-head fares, operate on flexible routes, and allow en-route boarding and alighting. While such services exist informally in parts of Karnataka, particularly in peri-urban and rural corridors, they remain legally vulnerable and subject to enforcement action.

This regulatory rigidity disproportionately affects low-income rural households that rely on affordable shared mobility due to limited bus connectivity and poor service frequency. Urban commuters are also impacted, as the absence of shared mobility options constrains affordable last-mile connectivity to public transport – contrary to the National Urban Transport Policy (2014), which emphasises accessible, affordable, and people-centric mobility.

The core issue is regulatory: the legal distinction between stage carriages and contract carriages under the Motor Vehicles Act, 1988. A study by CPPR on the regulatory systems governing shared paratransit demonstrates how the stage–contract classification fundamentally shapes the evolution of shared mobility within state systems. Where regulatory frameworks remain rigid, shared mobility struggles to formalise and integrate into the transport ecosystem. Karnataka reflects this challenge.

In Karnataka, autorickshaws, motor cabs, and maxicabs operate under contract carriage permits, which require exclusive hiring. Shared mobility, however, involves multiple passengers and thus multiple contracts within a single trip, creating a direct legal contradiction. Thus, the problem is not a lack of demand; the current permit system in the state does not legally recognise shared mobility as a distinct operational model.

2. Regulatory Framework Governing Small Passenger Vehicles in Karnataka

2.1 The Stage-Carriage Contract-Carriage Divide

A stage carriage operates on fixed routes, collects separate fares from individual passengers, and allows boarding and alighting at multiple points along the route. In contrast, a contract carriage is hired as a whole for a fixed consideration, under a single contract, without picking up additional passengers during the journey.

The definitions of these, as per the MV (Amendment) Act, 2025, are as follows:

<u>Stage carriage</u>	<u>Contract Carriage</u>
A motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey.	A motor vehicle which carries a passenger or passengers for hire or reward and is engaged under a contract, whether expressed or implied, for the use of such vehicle as a whole for the carriage of passengers mentioned therein and entered into by a person with a holder of a permit in relation to such vehicle or any person authorised by him in this behalf on a fixed or an agreed rate or sum – (a) on a time basis, whether or not with reference to any route or distance; or (b) from one point to another, and in either case, without stopping to pick up or set down passengers not included in the contract anywhere during the journey, and includes- (i) a motorcycle (ii) a motor cab notwithstanding that separate fares are charged for its passengers.

Judicial interpretations reinforce the rigidity of this classification by clarifying that a contract carriage cannot operate in the manner of a stage carriage (CPPR, 2026). Courts have held that, in contract carriage operations, passengers must be predetermined and that en-route boarding and separate fare collection are features compatible with stage carriage permits, not with contract carriage. While in the case of a motor cab, the collection of separate fares may be permissible, it does not authorise the operator to conduct multiple boardings and alightings during a single trip.

The statutory definition carries a significant structural implication for small passenger vehicles. Since a stage carriage is defined as a vehicle carrying more than six passengers, excluding the driver, only vehicles with a seating capacity of eight or more are eligible for a stage carriage permit. Vehicles with fewer seats, such as autorickshaw cabs and other small IPT vehicles that typically carry three to six passengers, fall outside the definitional threshold and are therefore ineligible for stage carriage permits by law. As a result, for smaller public carriage vehicles, the regulatory framework is confined, by default, to the contract carriage permit.

Motor Vehicles (Amendment) Act, 2019

The Motor Vehicles (Amendment) Act, 2019, was enacted, among other objectives, to explicitly empower states to promote public transport, rural transport, and last-mile connectivity by relaxing permit provisions under the Act. Towards this, the Amendment expanded the powers of state governments to intervene in existing permit structures where traditional regulatory categories are insufficient to meet emerging mobility needs. Under Section 67(3), the Act authorises State Governments to modify permits, introduce transport schemes, and issue licences for such services by notification in the Official Gazette to promote development and efficiency in transportation.

The provision explicitly recognises objectives such as last-mile connectivity, rural transport, congestion reduction, improved urban mobility, enhanced integration across modes, better utilisation of transport assets, environmental protection, energy conservation, and overall improvements in accessibility and quality of life. In addition, Section 67(4) enables the State Government to prescribe the fees, procedures, and regulatory conditions governing such schemes, thereby strengthening administrative authority to operationalise these objectives.

Complementing this, Section 67(2) allows the State Government to relax provisions under the permits framework, subject to conditions, in order to achieve these objectives. This relaxation provides flexibility to ease regulatory constraints that may otherwise limit the introduction of new service models.

The Amendment also introduces important modifications to Section 66 of the principal Act, which governs the necessity for permits. The original Section 66(1) requires that no motor vehicle be used as a transport vehicle in a public place without a valid permit from the Regional or State Transport Authority. The 2019 Amendment inserts a new proviso to this sub-section, enabling a vehicle that holds both a permit and a licence under a scheme notified under Section 67(3) or Section 88A(1) to operate under either, at the discretion of the vehicle owner. This grants operators meaningful flexibility — a vehicle need not be locked into a single mode of service but may shift between permit-governed and licence-governed operations depending on demand and context.

In addition, Section 66B provides two important protections to operators. First, a person holding an existing permit under the Act cannot be disqualified from applying for a licence under any scheme notified under Section 67(3) or Section 88A(1) solely on the ground of holding such a permit. Second, such a person cannot be required to surrender or cancel their existing permit upon being issued a scheme-based licence. Together, these provisions ensure that operators who choose to participate in new shared mobility schemes are not penalised for or forced to relinquish their existing regulatory standing.

However, while these provisions collectively create a statutory pathway to design and operationalise new mobility systems, their effectiveness depends on formal notification and scheme design at the state level. In the absence of such notified schemes or permit modifications, the traditional stage and contract carriage frameworks continue to govern vehicle operations without structural alteration. Thus, although the Amendment introduces meaningful flexibility within the Act, the operational transformation of shared mobility systems remains contingent upon its active invocation and implementation by the State Government.

2.2 Classification of Small Vehicles

Under the Karnataka Motor Vehicles Rules (KMVR) and the Motor Vehicles Act, passenger vehicles are classified based on seating capacity and intended use.

- "Auto Rickshaw Cab" means any motor cab with three wheels, constructed, adapted or used to carry not more than three passengers excluding the driver for hire or reward (Karnataka MVR, Rule 2(b)).
- Motorcab: Any motor vehicle constructed or adapted to carry not more than six passengers excluding the driver for hire or reward (MV Act, Section 2(25)).
- Maxicab: Any motor vehicle constructed or adapted to carry more than six passengers, but not more than twelve passengers, excluding the driver, for hire or reward (MV Act, Section 2(22)).

In Karnataka, autorickshaw cabs and motorcabs are issued contract-carriage permits. Although maxicabs are legally eligible to obtain stage carriage permits, they are typically registered under contract carriage permits due to operational feasibility and compliance constraints (CPPR, 2026). Maxicabs fall within the M1 vehicle category, whereas stage carriage services are generally aligned with M2 and M3 category vehicles under the Central Motor Vehicles Rules. In practice, maxicabs often do not conform to the body code standards and structural specifications commonly required for stage carriage operations. Consequently, vehicles that are operationally suitable for shared mobility remain regulated under contract carriage permits, which legally mandate exclusive hiring (CPPR, 2026).

3. Stage Carriage Framework Cannot Accommodate Shared Mobility

Shared mobility does not align with the regulatory design of the stage carriage permit system. Stage carriage permits are structured for fixed-route, scheduled, corridor-based public transport operations (CPPR, 2026). They assume predefined routes, approved halting points, adherence to timetable, regulated fare stages, and continuous compliance oversight.

In Karnataka, this rigidity is further reinforced at the permit entry stage itself. Rule 59 of the Karnataka MVR allows the Regional Transport Authority to refuse even to accept applications for stage carriage permits when the State Government has imposed a cap on the number of vehicles on a particular route or area. Rule 62 additionally introduces a preference system linked to financial stability, tax compliance, prior satisfactory performance, and specialised qualifications — granting priority to educated unemployed persons, holders of diplomas in automobile engineering, tourism, or transport management, and government-recognised travel agents. These provisions make the stage carriage pathway structurally inaccessible for small-scale, owner-operated shared IPT services.

On the other hand, shared mobility operates on a fundamentally different logic. It is demand-responsive, small-scale, and flexible. Routes adjust to passenger concentration, stopping points vary, and service frequency is shaped by real-time demand rather than fixed schedules. Economic viability depends on operational adaptability, not route rigidity.

The stage carriage framework prioritises predictability and regulatory control over flexibility. Across the states, stage carriage permits involve higher scrutiny, route-level caps, and strict operational conditions (CPPR, 2026). Such requirements are suitable for organised bus systems but are disproportionate for small, owner-operated shared services. More importantly, shared mobility occupies an intermediate space between stage and contract carriage categories. The current binary structure leaves no regulatory space for services that combine public access with flexible routing. Under a strict stage carriage framework, flexibility becomes non-compliance.

Therefore, the constraint is structural. The stage carriage model is designed for scheduled mass transport and not for dynamic, small-vehicle shared systems.

4. Karnataka MVR Provisions Restricting Shared Mobility in Contract Carriages

The following rules under the Karnataka MVR collectively restrict shared operations under the contract carriage permit framework.

4.1 Rule 13(j) – Exclusion of Motor Cabs and Autorickshaws from General Boarding Obligations

Rule 13 sets out the general duties of drivers of transport vehicles, including an obligation to stop and allow passengers to board or alight on demand. However, the rule contains an explicit carve-out for motor cabs, maxicabs, and autorickshaw cabs.

Rule 13: Duties and conduct of driver of transport vehicle.

The driver of a transport vehicle while on duty

(j) **shall**, subject to any rules or regulations in force prohibiting the taking in or setting down of passengers at or except at certain specified places, **bring the vehicle to rest** for a sufficient period of time **in a safe and convenient position upon the demand** and signal of the conductor or **of any passenger desiring**

to alight from the vehicle and unless there is no room in the vehicle, upon the demand or signal of any person intending to travel in the vehicle.

Note.-The provision of this sub-rule **shall not apply to the driver of a maxi-cab or motor-cab or an autorickshaw-cab.**

The exclusion is not incidental. It reflects a clear legislative intent that motor cabs and autorickshaw cabs are not designed to function as stage carriages – stopping to pick up and set down passengers at random intervals along a route. The explicit carve-out reinforces that multi-passenger, multi-stop boarding and alighting are simply not contemplated for these vehicle categories under the existing framework.

4.2 Rules 16(a) and 16(e) – Stand Restrictions and Prohibition on Loitering.

Rules 16(a) and 16(e) together establish strict spatial constraints on where a motor cab or autorickshaw cab may wait for hire. Rule 16(a) requires drivers to always park in queue at the notified taxi or autorickshaw stand. Rule 16(e) reinforces this by prohibiting the driver from allowing the vehicle, when not engaged, to remain at any place other than a designated stand, and from loitering in public places to solicit hire.

Rule 16: Duties of drivers of motor-cabs and autorickshaw-cabs.

In addition on the duties specified in Rule 13, the drivers of metered-taxies or autorickshaw-cabs

(a) **Shall always park** the vehicle in queue **in the place notified** as taxi or autorickshaw **stand**

(e) **shall not allow his cab**, when it is not engaged, **remain at any place other than a stand** appointed for the purpose **and shall not loiter for the purpose of his cab being hired in any public place**

Implications: Shared mobility, particularly for feeder or route-based services, requires vehicles to position themselves dynamically based on passenger demand – at transit nodes, along corridors, or at intermediate points where commuters congregate. The stand-restriction and anti-loitering provisions constrain this spatial flexibility, making the organic aggregation of passengers at multiple points along a route legally problematic.

4.3 Rule 16(g) – Obligation to Proceed by Shortest Route

Rule 16(g) mandates that the driver of a motor cab or autorickshaw cab shall, in the absence of reasonable cause, proceed to the destination named by the hirer by the shortest and quickest route.

Rule 16: Duties of drivers of motor-cabs and autorickshaw-cabs.

In addition on the duties specified in Rule 13, the drivers of metered-taxies or autorickshaw-cabs

(g) **shall** in the absence of reasonable cause to the contrary, **proceed to the destination named by the hirer by the shortest and quickest route**

Shared mobility requires route deviation to pick up additional passengers, sequential drop-offs, and dynamic routing based on real-time demand. Any deviation from the shortest route to accommodate additional passengers may be interpreted as a violation of this rule. The rule assumes one hirer or a single group and one destination — a premise that is fundamentally incompatible with the multi-stop, multi-passenger logic of shared services.

4.4 Rule 16(i) – Prohibition on Mid-Journey Termination

Rule 16(i) mandates that a driver shall not terminate any hiring after it has been engaged and before the passenger has been discharged by the hirer.

Rule 16: Duties of drivers of motor-cabs and autorickshaw-cabs.

In addition on the duties specified in Rule 13, the drivers of metered-taxies or autorickshaw-cabs

(i) **shall not terminate** any hiring after it has been engaged and **before discharged by the hirer**

This rule presupposes a single hiring event and a single hirer who controls the journey from engagement to completion. In a shared mobility context, where passengers board and alight independently at different points, the concept of a single uninterrupted hiring is structurally absent. Any departure from this model — such as dropping one passenger mid-journey while continuing with another — could be construed as a violation.

4.5 Rules 16(k), 16(m), 108, and 129 – Fare Meter Requirements

Rules 16(k) and 16(m) require the driver to ensure the fare meter is in good working order before the vehicle is engaged for hire, to set it in motion only upon hiring, and to stop it immediately upon arrival at the destination. Rules 108 and 129 extend this framework by requiring every motor cab operating within notified areas to be fitted with an approved taxi meter, tested and sealed by the Regional Transport Authority.

Rule 16: Duties of drivers of motor-cabs and autorickshaw-cabs.

In addition on the duties specified in Rule 13, the drivers of metered-taxis or autorickshaw-cabs

(k) **shall not drive** the vehicle or allow it to be engaged for hire, **unless** he is satisfied that the **faremeter is in good working order**;

(m) shall not set the fare-meter in motion before the vehicle is hired and shall stop the faremeter immediately the cab arrives at the destination

Rule 108: Fitting of fare-meters to motor-cabs.

(1) The State Transport Authority, may, by notification in the Official Gazette, require that within the limits of such area as may be specified in the notification all motor-cabs or any class of motor cabs shall be fitted with [taxi meter].

(2) Where a notification as aforesaid has been issued, permit in respect of any motor cab covered by the notification shall not be granted unless fitted with fare-meter except under the following conditions, namely.-

(i) that such owner shall provide such garage accommodation for cabs as is approved by the Regional Transport Authority;

(ii) that the cabs shall not ply for hire on public stands or in public places;

(iii) that the cabs have licensed seating capacity of not less than three adult passengers excluding the drivers; and

(iv) That the cabs shall have an engine of not less than 800 cc.

(3) The rule of fitment of fare-meter will not be applicable to luxury or tourist or taxi-cab

Rule 129: Taxi Meters

(1) Unless exempted by the Regional Transport Authority, every motor cab shall be fitted with a taxi meter (hereinafter referred to as ‘meter’).

(2) No motor cab required to be fitted with a meter shall be used in public place unless fitted with a meter in accordance with the provisions of these rules.

(3) Every motor cab, operating with such towns and cities and subject such conditions as may be notified by the Government, shall be fitted with a digital electronic meter.

(4) In places other than those notified under sub-rule (3), motor cabs may be fitted with either a mechanical or digital electronic meter

(5) Where a notification is issued under sub-rule (3).-

(a) No permit shall be issued or renewed unless the motor cab is fitted with a digital meter.

(b) No permit shall be transferred unless the motor cab is fitted with digital meter.

(c) No Certificate of Fitness shall be issued or renewed unless the motor cab is fitted with digital meter.

(d) No replacement of the motor vehicle with another motor vehicle shall be permitted unless the replaced vehicle is fitted with a digital meter.

- (e) It shall be ensured that the digital meter is sealed properly by the authority concerned, without giving any scope for tampering.
- (f) The seal and the driving mechanism of the fare meter shall always be maintained intact.
- (g) No meter shall be charged or altered without the written permission of the Secretary, Regional Transport Authority

The taximeter framework is structurally aligned with exclusive hiring, where the meter runs for one journey undertaken for one hirer or group, from a single point of departure to a single destination. Rule 16(m) makes this explicit – the metre starts at hiring and stops at the destination, implying one metered journey per engagement. Shared mobility, by contrast, depends on per-head fare collection across multiple independent passengers boarding and alighting at different points. The sealed meter framework provides no legal basis for per-head fare structures, and any attempt to charge passengers individually outside the meter reading would amount to a breach of permit conditions.

4.6 Rule 16(q) – Trip Sheet Requirement

Rule 16(q) requires drivers of motor cabs and autorickshaw cabs operating outside city, town, or municipal limits to maintain a trip sheet in duplicate in Form KMV 10, in a bound and serially numbered book, available for inspection by authorised Motor Vehicles or Police Department officers on demand.

Rule 16: Duties of drivers of motor-cabs and autorickshaw-cabs.

In addition on the duties specified in Rule 13, the drivers of metered-taxies or autorickshaw-cabs

- (q) shall, except when used within the city or town or municipal limits, **maintain trip sheet** in duplicate in Form KMV 10 either in English or in Kannada or in Hindi. The Form KMV 10 shall be in a bound book serially numbered and **shall be produced for inspection** by an officer of the Motor Vehicles Department not below the rank of an Inspector of Motor Vehicles or any Officer of the Police Department not below the rank of a Sub-Inspector of Police on demand.

The trip sheet requirement assumes a clearly defined hiring — a single origin, a single destination, and a single hirer or group. For shared mobility, where multiple passengers with different origins and destinations board and alight during a single trip, the trip sheet format as designed is structurally ill-suited to document the service. Compliance would be operationally burdensome for small, owner-operated vehicles making multiple short-distance pickups, particularly in rural corridors where this requirement applies.

4.7 Rule 70(2)(b) and Rule 70(4) – Passenger Limits and General Compliance as Permit Conditions

Rule 70(2)(b) allows the attachment of a condition to contract carriage permits specifying that the number of persons to be carried shall not exceed the number specified in the permit. Rule 70(4) further provides that the permit may carry a condition requiring the holder to comply with all provisions of the Act and the rules.

Rule 70: Additional conditions in respect of certain permits

- (2) A permit in respect of a contract carriage may be subject to one or more of the following conditions:-
 - (b) That the number of persons to be carried in the vehicle shall not exceed the number which may be specified in the permit
- (4) A permit in respect of a transport vehicle may be subject to a condition that the holder of the permit shall comply with all the provisions of the Act and the rules.

Since the permit specifies the vehicle type as defined in the KMVR – where an autorickshaw cab is defined as carrying not more than three passengers – any shared service model that seeks to expand effective capacity beyond the permitted number would be in direct contravention of this condition. Rule 70(4) compounds this by making compliance with all rules a permit condition itself, meaning that any of the violations described above, deviating from the shortest route, loitering, and operating without a sealed meter would simultaneously

constitute a breach of the permit, exposing the operator to suspension or cancellation under the rules governing permit enforcement.

5. Policy Options for Introducing Shared Mobility in Karnataka

5.1 Option 1: Modify Existing Contract Carriage Permits Through Special Conditions

Under this approach, shared mobility services could operate within the contract carriage permit framework, with specific permit conditions allowing the service provider to collect individual fares and undertake multiple boarding and alighting along a notified route. The permit document should explicitly incorporate a dedicated condition to accommodate shared services (CPPR, 2024).

Rationale: This option relies on administrative flexibility rather than structural reform. It may be implemented in the short term and avoids the need for immediate rule amendments.

<p><u>Advantages</u></p> <ul style="list-style-type: none"> ● Relatively quick to operationalise. ● Uses existing permit architecture. ● Reduces immediate legal uncertainty for pilot or limited corridor operations. ● Administratively less complex. 	<p><u>Limitations</u></p> <p>The underlying stage-contract binary remains structurally intact; as a result:</p> <ul style="list-style-type: none"> ● Long-route shared operations in rural areas may still face classification ambiguity. ● Enforcement consistency may be difficult if vehicles operate both shared and normal services. ● The solution may remain route-specific rather than system-wide.
--	---

This option may be suitable as a transitional arrangement but may not fully resolve the structural mismatch identified in the research.

5.2 Option 2: Introduce a Dedicated Shared Mobility Permit Category within Karnataka MVR

Under this approach, the Karnataka MVR would be amended to formally recognise shared mobility as a separate category. This would involve introducing a clear statutory definition of shared mobility services, creating a separate permit classification independent of stage and contract carriages, and providing route-specific authorisation. The framework would also establish defined fare mechanisms and prescribe vehicle identification norms to ensure transparency and enforceability. Shared IPT services exhibit operational characteristics that differ from both traditional categories (CPPR, 2026), reinforcing the need for independent legal recognition to enhance regulatory clarity and coherence.

Rationale: Formal recognition could reduce interpretational disputes and provide a clearer compliance pathway.

<p><u>Advantages</u></p> <ul style="list-style-type: none"> ● Improves legal clarity. ● Aligns regulatory language with operational practice. ● Enables system-wide formalisation. ● Reduces reliance on interpretative flexibility. 	<p><u>Limitations</u></p> <ul style="list-style-type: none"> ● Requires rule-level amendment, which may involve longer administrative timelines. ● May raise concerns from existing stage carriage stakeholders regarding overlap. ● Structural reform requires broader stakeholder consultations. ● Legal uncertainty in the beginning
---	--

5.3 Option 3: Notify a Special Shared Mobility Scheme under Section 67 of the Motor Vehicles (Amendment) Act, 2019

The Motor Vehicles (Amendment) Act of 2019 empowers state governments to frame transport schemes, modify permit conditions, and promote last-mile connectivity and rural mobility. The amendment thus provides states with flexibility to address rigidities in existing permit structures (CPPR, 2026). Using these statutory powers, Karnataka could notify a “**Shared Mobility Scheme**” aimed at strengthening rural mobility and last-mile connectivity. The key features of the scheme could include:

- Recognition of shared mobility as a hybrid operational category,
- Route- or area-based authorisation,
- Permission for per-head fare collection,
- Defined maximum route length (where appropriate),
- Specification of vehicle eligibility,
- Clearly articulated operational conditions.

Rationale: This approach relies on powers already available, rather than requiring a full legislative amendment. It would enable the structured introduction of shared mobility, particularly in rural areas, narrow street networks, metro feeder corridors and low-demand routes where stage carriage services are impractical.

<u>Advantages</u>	<u>Limitations</u>
<ul style="list-style-type: none"> ● Addresses structural mismatch more directly than incremental permit modifications. ● Legally grounded under the 2019 Amendment. ● Allows proportional regulation suited to small vehicles. ● Provides operational flexibility by allowing vehicles to choose between permit-based and scheme-based operations, enabling operators to adapt service models based on demand and local conditions. 	<ul style="list-style-type: none"> ● Scheme design must clearly define boundaries to prevent conflict with stage carriage operations. ● Scheme design shall be informed by route/area wise demand studies.

6. Recommendations

6.1 Legal Definition of Shared IPT Services

A formal definition may reduce interpretational disputes and clarify permissible operational practices. The recommended definition of shared IPT services would be:

“Shared IPT services are shared-ride passenger transport services operated along fixed or semi-fixed routes, with multiple boarding and alighting points, typically using smaller passenger vehicles, permitted to collect individual fares and flexi-fares.”

6.2 Market-led Scaling

Shared services are financially viable when supported by adequate ridership. To facilitate sustainable growth, a dynamic assessment may be undertaken to inform the optimal scaling and distribution of shared mobility services based on real-time demand patterns. This ensures that the issuance of permits or licences (under a

special scheme) responsively matches market needs, supporting the financial health of providers and allowing the service ecosystem to expand in lockstep with commuter requirements.

6.3 Vehicle Capacity Considerations

The vehicle category selected under a shared mobility scheme is a critical determinant of service sustainability. Permitting three-wheeler vehicles with an expanded seating capacity of up to five passengers, along with motor cabs, maxicabs, and other smaller vehicles accommodating approximately 10–12 passengers, would enhance operational viability. Increased seating capacity allows more passengers to be served per trip, thereby improving revenue potential for operators and encouraging greater participation in the shared transport system.

6.4 Clear Permit Conditions and Monitoring

The transport authority should prescribe maximum passenger capacity as well as mandatory safety and structural fitness standards to ensure safe and reliable operations. Licences issued for shared mobility services must explicitly authorise the collection of individual fares from passengers and allow multiple boarding and alighting within the notified service corridor/area. Additionally, the Authority should mandate distinctive marking or official signage indicating “Shared Service” to ensure clear service recognition, accountability, and effective regulatory oversight.

6.5 Institutional Mechanism for Oversight

A well-defined institutional framework is essential for the sustainable expansion of shared mobility services. Periodic training and systematic data collection within RTO offices would strengthen regulatory capacity, particularly for operations in rural areas, narrow street networks, metro feeder corridors, and other low-demand routes where stage carriage services are impractical.

7. Conclusion

Research studies by CPPR indicate that shared mobility does not fit comfortably within the existing stage carriage or contract carriage framework. Attempting to adjust the current permit system may offer temporary flexibility, but it does not resolve the structural mismatch (CPPR, 2026). A scheme-based approach provides a clearer and more durable solution. It allows the state to legally recognise shared mobility as a hybrid service while setting clear operational boundaries.

The proposed scheme should define the overall framework for eligibility, fare structure, vehicle standards, and operational conditions, while allowing flexibility for context-specific implementation. The RTA may, where necessary, adopt mechanisms such as route-wise demand assessments or indicative allocation of licences to support balanced service provision, without making them restrictive preconditions for entry. The emphasis should be on enabling participation and facilitating service expansion rather than tightly regulating market entry.

This approach enables the state to expand shared mobility in rural areas, narrow street networks, metro feeder corridors, and other low-demand routes where conventional bus services are not feasible. It uses existing statutory powers, reduces legal ambiguity, and allows proportional regulation suited to small vehicles.

The goal is not regulatory expansion but regulatory clarity. A well-designed scheme can give decision-makers confidence that shared mobility is being enabled in a structured and lawful manner, while allowing the system to evolve based on operational experience.

References


- Act No. 59 of 1988. *Motor Vehicles Act, 1988*, 1988. <https://www.motorvehicleslaw.com>.
- Ali, Nikhil. 2026. "Shared IPT and the Regulatory Structure of Stage and Contract Carriages in South Indian States." *Centre for Public Policy Research (CPPR)*, January, 2026. <https://www.cppr.in/reports-and-papers/shared-ipt-stage-and-contract-carriage-rules-in-south-india>
- Government of India. "THE MOTOR VEHICLES ACT, 1988." CHAPTER I, 1988. <https://www.indiacode.nic.in/bitstream/123456789/9460/1/a1988-59.pdf>.
- Government of Karnataka. "THE KARNATAKA MOTOR VEHICLES RULES, 1989." THE KARNATAKA MOTOR VEHICLES RULES, July 1, 1989. <https://cnsgadvocates.in/statutes/19%20-%20The%20Karnataka%20Motor%20Vehicles%20Rules,%201989.pdf>.
- "THE MOTOR VEHICLES (AMENDMENT) ACT, 2019." Legislation. *THE GAZETTE OF INDIA EXTRAORDINARY*, August 9, 2019. https://morth.nic.in/sites/default/files/notifications_document/MV%20Act%20English.pdf.
- The Motor Vehicles (Amendment) Bill, 2025, Bill No. XXIX of 2025, introduced in Rajya Sabha on December 5, 2025. <https://sansad.in/getFile/BillsTexts/RSBillTexts/Asintroduced/211211202545944PM.pdf?source=legislation>



 097457 09174

 cppr@cppr.in

 www.cppr.in

 First Floor, Mandoli House,
New Link Rd, opp. Metro Pillar 821,
Kochi, Kerala 682020, India