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SHARED MOBILITY SERVICES IN TAMIL NADU

Regulatory Constraints within the Stage-Contract Carriage Framework



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POLICY BRIEF

Shared Mobility Services in Tamil Nadu: Regulatory Ambiguities within the Stage–Contract Carriage Framework

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

EXECUTIVE SUMMARY

Shared mobility services using small passenger vehicles (share autorickshaws) are commonly observed in urban corridors of Tamil Nadu. However, the legal framework governing these services continues to rely on the traditional contract carriages under the Motor Vehicles Act, 1988. While the Tamil Nadu rules recognise a category of “share autorickshaw”, these vehicles typically operate under contract carriage permits, which legally assume exclusive hiring by a single party. Contract carriage regulations impose operational conditions such as shortest-route obligations, taxi meter requirements, and stand-based operations that are inconsistent with the operational logic of shared passenger services. As a result, shared mobility services in Tamil Nadu operate within a regulatory grey area rather than under a clearly defined statutory framework.

At the same time, Tamil Nadu’s rural mobility landscape has historically relied on small-vehicle public transport systems such as the minibus scheme, introduced to connect unserved villages. However, declining minibus numbers and persistent financial sustainability challenges have created new mobility gaps in rural areas. The Motor Vehicles (Amendment) Act, 2019 provides states with the statutory authority to redesign permit structures and introduce transport schemes to strengthen last-mile connectivity and rural transport systems. Leveraging these powers could provide Tamil Nadu with a clearer regulatory pathway to formalise shared mobility services and address emerging mobility needs.

1. Background and Problem Statement

Shared mobility services in smaller vehicles have emerged in many Indian states as a market-driven response to the connectivity gaps in urban and rural mobility. These services typically operate by carrying multiple independent passengers, charging per-head fares, following flexible routes, and allowing en-route boarding and alighting. Tamil Nadu has historically experimented with small-vehicle shared mobility systems, particularly through share autorickshaws and rural minibus services. share autorickshaws operate in several urban and peri-urban corridors, while the minibus scheme introduced in 1997 aimed to provide connectivity to unserved rural areas by permitting minibuses on routes up to 20 km in length. By 1998, nearly 6,700 minibuses were operating in rural Tamil Nadu. However, the number declined to around 2,900 by 2024, largely due to financial sustainability challenges arising from stagnant fare structures and rising operational costs.

In this context, shared mobility services are particularly relevant in dispersed rural settlements where conventional stage carriage bus services are financially or operationally difficult to sustain. Despite the relevance, the regulatory framework governing passenger transport continues to rely on the stage carriage–contract carriage classification system under the Motor Vehicles Act. As highlighted in the CPPR study on shared intermediate public transport systems, this binary classification significantly shapes how shared mobility systems evolve within state transport systems.

In Tamil Nadu, share autorickshaws typically operate under contract carriage permits, which legally require the vehicle to be hired as a whole by a single hirer or a group of passengers. While share auto operations involve multiple independent passengers sharing the same vehicle along a route, this is not in line with the regulatory framework governing contract carriage operations.

2. Regulatory Framework Governing Small Passenger Vehicles in Tamil Nadu

2.1 The Stage Carriage Contract Carriage Divide

The Motor Vehicles Act distinguishes between stage carriage and contract carriage permits based on how passengers are carried. 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:

Stage carriage

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.

Contract Carriage

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 collection of 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 boarding and alighting during a single trip.

In Tamil Nadu, share autorickshaws operate under the contract carriage permit framework, and their operations are therefore subject to rules governing contract carriages. Although their practical functioning resembles shared public transport services, this arrangement relies primarily on administrative exceptions rather than formal recognition.

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 Tamil Nadu Motor Vehicles Rules (TNMVR) and the Motor Vehicles Act, passenger vehicles are classified based on seating capacity and intended use.

- "Autorickshaw" means a motor vehicle constructed, adapted or used to carry not more than three passengers excluding the driver for hire or reward and having less than four wheels (TNMVR, Rule 3(d)).
- "Share autorickshaw" means a motor vehicle constructed, adapted or used to carry five passengers excluding the driver for hire or reward and having less than four wheels. (TNMVR, Rule 3(da)).
- 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)).

These definitions indicate that the TNMVR recognises share autorickshaws as a distinct category of vehicle designed to carry a greater number of passengers while functioning in a manner similar to conventional autorickshaws. However, despite this distinction, such vehicles are issued contract carriage permits, which legally require exclusive hiring by a passenger or group of passengers. This regulatory framework effectively restricts their ability to provide shared mobility services in a formal legal sense.

In Tamil Nadu, autorickshaws, share autorickshaws and motor cabs are issued contract carriage permits. Although maxicabs are legally eligible to obtain stage carriage permits, they are typically registered as

contract carriages 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 (minibus) and M3 (normal bus) 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).

History of Share Autorickshaws in Tamil Nadu

The Tamil Nadu Government first introduced five-seater share autorickshaws through executive orders issued under Section 67 of the Motor Vehicles Act. In 1998, the government permitted 100 five-seater Vikram autos to operate in Chennai on an experimental basis with a uniform fare structure (G.O.Ms.No.1492 and 1493 dated 30.10.1998). The model was later expanded in 2001 to district headquarters, though with strict limits on the number of vehicles permitted in each location (G.O.Ms.No.277 and G.O.Ms.No.278 dated 22.03.2001). Technical standards were also introduced, including minimum vehicle height, seating specifications, and operational restrictions limiting vehicles to a defined operating radius.

Despite the “share” designation, these vehicles continued to operate under contract carriage permits, as the state had no authority to alter the permit system established by the MV Act, 1988. Consequently, the legal framework governing their operation remained tied to the contract carriage model rather than to a dedicated shared mobility category.

Note: *Today, Section 67(3) of the MV (Amendment) Act, 2019, enables the State Governments to bring out structural changes to existing permit frameworks where required. The operationalisation of shared mobility through such statutory mechanisms would differ from earlier instances where limited flexibility was introduced through administrative interpretation within the existing stage–contract carriage structure.*

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 the timetable, regulated fare stages, and continuous compliance oversight.

Shared mobility services, by contrast, are demand-responsive and flexible. Routes may be semi-fixed rather than strictly defined, and service frequency is shaped by passenger demand rather than scheduled timetables.

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 disproportionately disorganised for small, owner-operated shared services. While Tamil Nadu recognises share autorickshaws as a vehicle category, the operational framework governing passenger transport continues to rely on the stage–contract carriage classification system. The current binary structure leaves no regulatory space for services that combine public access with flexible routing.

The stage carriage model is designed for scheduled mass transport systems rather than small-vehicle shared services. As a result, the stage carriage framework is rigid, making flexibility a non-compliance.

4. TNMVR Provisions Restricting Shared Mobility in Contract Carriages

The following are the rules as per Tamil Nadu Motor Vehicles Rules that collectively restrict shared operations under the contract carriage permit framework.

4.1 Rule 39 – Driver of Contract Carriage

Rule 39 mandates the driver of a contract carriage to proceed to the destination named by the hirer by the shortest and quickest route. The rule assumes a single hiring party and a predetermined destination, legally restricting the route-based functioning of the conventional share autorickshaws in Tamil Nadu.

Rule 39: The driver of contract carriage shall, in the absence of a reasonable cause, proceed to the destination named by the hirer by the shortest and quickest route.

Shared mobility requires:

- Route deviations to pick up additional passengers.
- Sequential drop-offs along a corridor.
- Dynamic routing based on passenger demand.

Deviation from the shortest route to accommodate additional passengers may be interpreted as a violation of this rule.

4.2 Rule 177 – Contract Carriage Permit Conditions

Rule 177 establishes operational conditions applicable to contract carriage permits, including taxis and autorickshaws.

Rule - 177. Contract carriage permit condition

(1) It shall be a condition of every contract carriage permit that the contract carriage shall carry as many persons as can be accommodated at one time without exceeding the permitted capacity of the contract carriage if so required by the hirer or any of the hirer's party.

The rule frames the passenger group as the “**hirer or the hirer’s party**”, implying that the vehicle is hired by a single contracting group rather than multiple independent passengers. Shared mobility services, however, involve individual passengers boarding independently along a corridor. As a result, the contractual framework underlying Rule 177 does not naturally accommodate the operational behaviour of share autorickshaws.

4.3 Rule 172 – Transport Vehicle Permit Conditions

Rule 172 specifies conditions attached to transport vehicle permits, including the requirement that vehicles must operate strictly for the purpose for which the permit was granted.

Rule 172 (6): It shall be a condition of the permit of every transport vehicle that the vehicle will be so maintained as to be available for the service for which the permit was granted for the entire period of currency of the permit and that the permit is liable to be suspended or cancelled, after due notice to permit holder if the vehicle has not been used for the purpose for which the permit was granted for a continuous period of more than ten days during the period for which the permit authorise the use of the vehicle on the road, unless the holder of the permit had obtained in writing the prior permission of the Transport Authority to suspend the service of the vehicle for a specific period exceeding ten days:

If a contract carriage vehicle (which includes Share Auto) provides a shared mobility service, allowing multiple independent passengers and corridor-based boarding, it may be interpreted as deviating from the intended purpose of the permit. Such deviation could potentially expose operators to enforcement action, including suspension or cancellation of the permit.

Note: While state governments had limited scope to bring changes to the regulatory framework for public carriage earlier, Section 66B of the Motor Vehicles (Amendment) Act, 2019, ensures that existing permit

holders are not required to surrender their permits when participating in scheme-based operations notified under Section 67(3).

4.4 Taxi Meter Requirements (Rules 177(5), 353, 357 and 358)

Under the Tamil Nadu Motor Vehicles Rules, taxis and autorickshaws operating under contract carriage permits are required to be fitted with approved taxi meters.

These provisions require that:

- The vehicle must be fitted with a tested and sealed taxi meter
- The taxi meter must be activated when the vehicle is hired
- The fare must be calculated according to the meter
- The vehicle must display a “For Hire” indicator when available for service

Rule 177: Contract carriage permit condition

(5) It shall be a condition of every permit of a taxi or an autorickshaw that a taxi meter shall be fixed to the vehicle [...] duly tested and sealed by the registered motor mechanic and maintained in proper working order.

Provided that the Government may specifically exempt a taxi or an autorickshaw from fixing a taximeter subject to the following conditions, namely:— (i) the use of the vehicle without a taximeter shall be for a specific purpose; (ii) the period of such use shall be for a period not exceeding one year; and (iii) during the said period, such vehicle shall not be allowed or caused to be allowed for use by general public.

Rule - 353: Taxi Meter

(a) Every motor cab except when exempted in this regard by the Government shall be fitted with a taxi-meter which shall be fixed to and operated from a non-driving wheel.

The vehicles shall not ply for hire unless the taxi-meter bears the seal of the Regional Transport Authority to indicate that the taxi-meter has been tested and is in working order. The seal shall be kept intact.

The owner, driver, attendant of the vehicle or other person who breaks or tampers in any way with the seal, or who, with intent to deceive, tampers with the taxi-meter or the driving mechanism thereof, shall be deemed to have committed a breach of this rule.

Rule - 357. For Hire Indicator.

A taxi-meter shall be fixed either inside the dash board or outside the vehicle. The indicator of such taxi-meter shall exhibit the illuminated words 'For Hire' so fitted to the top of the vehicle at the middle as to be clearly visible from the front and the rear of the vehicle. The panel of the indicator shall be not less than 30 cms. in length and shall be between 7 and 8 centimeters in height and the light thereof shall be white and switched on when the vehicle is not engaged, to indicate that the vehicle is available for hire and no driver shall then, without reasonable excuse, refuse to accept a fare.

Rule - 358. Setting of taxi meter in motion.

The driver of every motor cab provided with taxi meter shall, as soon as he is hired and no sooner, set the taxi-meter in motion, and upon the termination of the hiring shall immediately stop the same:

Taxi meters calculate fares for the **entire vehicle hire**, rather than on a per-passenger basis. In contrast, shared mobility services typically rely on **per-head fare collection**, where multiple passengers pay separate fares for a shared trip. Because the regulatory framework for contract carriage vehicles assumes a single-hire contract, the fare structure embedded in taxi meter rules does not naturally support shared-fare arrangements.

Note: While G.O.Ms.No.1493 (dated 30.10.1998) specifies a per-passenger fare for share autorickshaws, it does not specify multiple boarding and alighting, making it similar to the case of motorcabs. Moreover, G.O.Ms.No.1058, dated 17.07.1997, informed to regulate Vikram 3-wheelers as motor cabs.

4.5 Rule 245 – Provision of Public Stands

Rule 245 provides for the designation of public stands for public service vehicles by the Regional Transport Authority.

Rule - 245: Provision of public stands for public service vehicles.

(i) When a public stand within the limits of a local authority has been notified by the Regional Transport Authority, any public service vehicle of that class for which the stand is intended shall make use of that stand for purposes of stationing the vehicle for picking up or setting down passengers

The rule reinforces a stand-based operating model, where vehicles are expected to wait at designated stands for passengers. Shared mobility systems (and share autorickshaws in practice) often rely on dynamic passenger aggregation along corridors rather than stand-based passenger collection. The requirement to operate primarily from notified stands can therefore limit the operational flexibility needed for shared services.

4.6 Rule 169-A – Stationing Requirement for Tourist Motor Cabs and Maxi Cabs

Rule 169-A allows the Regional Transport Authority to attach operational conditions when granting permits for tourist motor cabs and maxi cabs. One such condition requires that the vehicle be normally kept at the place specified in the permit.

Rule - 169-A: Guiding principles for the grant of tourist Maxi Cab and motor cab Permits

The Regional Transport Authority or its Secretary, if it decides to grant the permit for a tourist maxi cab or tourist motor cab shall attach to the permit the following conditions and also such other conditions as may be applicable to contract carriages as it deems fit—

(vi) that the vehicle shall normally be kept in the place specified in the permit.

This requirement reinforces territorial stationing obligations for contract carriage vehicles. Shared mobility services, particularly those operating along semi-fixed routes, typically require vehicles to circulate along corridors rather than remain stationed at a fixed location.

4.7 Rule 364 – Vehicle Identification and Classification

Rule 364 prescribes the colour scheme for autorickshaws and share autorickshaws operating under contract carriage permits.

Under this rule:

- Autorickshaws and share autorickshaws operating for hire must be painted in highways yellow colour.
- Vehicles not covered by contract carriage permits must be painted sky blue and marked “Not for Hire.”

Rule - 364

Every autorickshaw and share autorickshaw shall be painted in highways yellow colour: Provided that every autorickshaw and share autorickshaw covered by contract carriage permit issued by the Regional Transport Authority, Chengai Anna district shall be painted in addition to the highways yellow colour, with a black band of fifteen centimetres in width on the central portion around the body of the vehicle.

Rule - 364 A: Painting of autorickshaws, share autorickshaws and motor cabs not covered by contract carriage permits

Every autorickshaw, share autorickshaw and motor cab not covered by contract carriage permit shall be painted in "Sky Blue Colour" and also the words "NOT FOR HIRE" in English "and" in Tamil, shall be painted in a conspicuous part of the vehicle both in front and rear side

While the rules recognise share autorickshaws as a vehicle category with higher seating capacity, the classification primarily addresses vehicle design rather than the operational framework of shared passenger services. In practice, share autorickshaws continue to operate under contract carriage permits, meaning that their legal status remains tied to the contract carriage framework.

5. Policy Options for Introducing Shared Mobility in Tamil Nadu

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.

Advantages

- Relatively quick to operationalise.
- Uses existing permit architecture.
- Reduces immediate legal uncertainty for pilot or limited corridor operations.
- Administratively less complex.

Limitations

The underlying stage-contract binary remains structurally intact; as a result:

- 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 TNMVR

Under this approach, the TNMVR 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.

<u>Advantages</u>	<u>Limitations</u>
<ul style="list-style-type: none"> Improves legal clarity. Aligns regulatory language with operational practice. Enables system-wide formalisation. Reduces reliance on interpretative flexibility. 	<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, Tamil Nadu 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. Wherever required, the 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. Smaller IPT vehicles with a seating capacity of approximately 10–12 passengers can significantly enhance operational viability. Compared to conventional autorickshaws and motor cabs, higher-capacity vehicles enable more passengers to be served per trip, 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.

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