

**GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS**

**LOK SABHA
UNSTARRED QUESTION NO. 2016
ANSWERED ON 11TH DECEMBER, 2025**

SURGE PRICING BY APP- BASED CABS

2016. DR. K SUDHAKAR:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

(a) whether it has been noticed that surge pricing is being practised by app-based cab services where they often charge customers higher prices than the actual fare, if so, the details thereof;

(b) the steps taken to regulate surge pricing by app-based cab services and to provide clean and safe road travel;

(c) whether the Government is planning to introduce app-based rental taxi services, if so, the details thereof; and

(d) the details of welfare measures provided to drivers of app-based cab services by the companies that run these services?

ANSWER

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS

(SHRI NITIN JAIRAM GADKARI)

(a) & (b) The Government has issued Motor Vehicles Aggregators Guidelines, 2025 for aggregators, including app based cab services, providing a light-touch regulatory system, while attending to issues of safety and security of the user and the welfare of the driver. The competent authority for issuing licences to such aggregators is the designated authority of the concerned State Government, with jurisdiction across the entire State.

Apart from the safeguards for the passengers, the Guidelines provide for fare regulation under Clause 17. Understanding that the fare is determined by market forces of demand and supply of the aggregated vehicles, the Guidelines envisage dynamic pricing, allowing aggregators to charge 50% lower than the State notified base fares and capping the maximum surge pricing at twice the base fare for peak hours. In order to ensure transparency, accountability and passenger welfare, the fare notified by the State shall be the base fare.

The drivers' owned motor vehicle shall receive at least 80% of the fare and on the other hand for motor vehicles which are owned by the aggregator, the on-boarded driver shall receive at least 60% of the fare. Therefore, in case of surge pricing, the beneficiary will be the driver of the owned vehicle. This will spur supply and thereby enable better availability during periods of high demand.

The Guidelines provide for suspension and cancellation of Aggregator license on several grounds of violation including unjustified fare/ dynamic fare charged to the passengers.

The Guidelines ensure that no passenger is charged for dead mileage, except when the distance for availing the ride is less than three (3) kilometers, and the fare is charged only from the point of origin to the destination.

(c) A mobile based application namely Bharat Taxi App, to support driver-owned taxi service on a cooperative model under the aegis of Sahahkar Taxi Cooperative Limited (STCL), is in the testing and trial phase.

(d) Following provisions relating to welfare measures for drivers have been included in the Motor Vehicles Aggregators Guidelines, 2025:

i) Insurance, Safety & Social Security Benefits

- a. Minimum ₹5 lakh health insurance for every driver (to be increased annually).**
- b. Mandatory ₹10 lakh term insurance per driver (to be increased annually).**
- c. Social Security Code, 2020 to override insurance structure once fully notified.**
- d. Medical fitness test, eye check-up & psychological fitness assessment required before onboarding.**
- e. Police verification mandatory before onboarding which enhances personal & legal safety.**
- f. Drivers must sign written contracts in local language.**

ii) Income Protection & Fair Payment

- a. At least 80% of fare shall go to the driver onboarded with vehicle. For aggregator-owned vehicles, driver shall get minimum 60%.**
- b. For other cases, payment share shall be governed by agreement with aggregator ensuring transparency.**
- c. Where fare has not been fixed by State Government, aggregator may notify base fare to the State Government. This transparency ensures fair earnings.**

iii) Training & Skill Development

- a. Mandatory Induction Training Programme for all drivers before onboarding.**
- b. 40-hour Induction Training covering App usage, traffic rules, first-responder training, road safety, behaviour,**

gender sensitivity, Divyangjan sensitivity, vehicle knowledge, etc.

c. Training structure shall be published online by aggregator for transparency.

d. Annual Refresher Training Programme for all drivers.

e. Low-rated drivers (below 5th percentile) to undergo quarterly refresher training to continue operating.

iv) Protection from Unfair Treatment / Safe Working Environment

a. Drivers cannot be forced to work exclusively for one aggregator.

b. Complaint-based enquiry to be completed in 3 days which protects against arbitrary action.

c. Aggregator must ensure valid permits for all vehicles preventing legal risk for drivers.

d. Zero-tolerance policy for alcohol/drug use ensuring professional safety & protection

e. Aggregators can face suspension/cancellation for failure to protect driver safety & welfare.

v) Digital Records & Transparency

a. Aggregators must maintain digital record of driver documents, banking details, emergency contacts for support.

b Fare-share transparency in App/website which avoids payment disputes.

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