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# Bharat Taxi – The Cooperative Challenge to Platform Economy and India's Gig Worker Question

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**SUBJECTS COVERED****ECONOMY****POLITY****CURATED & WRITTEN BY****Bharat Choudhary**

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# Bharat Taxi — The Cooperative Challenge to Platform Economy and India's Gig Worker Question

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## WHY IN NEWS

Home and Cooperation Minister Amit Shah launched Bharat Taxi at Vigyan Bhavan, New Delhi — India's first cooperative-sector ride-hailing platform registered under the Multi-State Cooperative Societies Act, 2002 — offering zero-commission, surge-free rides where drivers retain 80% of earnings, directly challenging the Ola-Uber aggregator model.

## THE PLATFORM ECONOMY PROBLEM

Over the past decade, ride-hailing has transformed urban mobility in India — but the companies that built this transformation, **Ola** and **Uber**, have been sustained by **venture capital and private equity funding** from abroad, not by driver earnings or passenger fees alone. Their business model:

**Cross-subsidise fares** in early years using investor money to undercut competitors

**Build demand and supply lock-in** (passengers habituated to the app; drivers dependent on the platform for income)

**Extract commission** — typically 20–30% of each ride — from drivers

**Apply surge pricing** during peak demand, maximising revenue without proportionally benefiting drivers

The result: a highly efficient service for passengers combined with increasing economic stress for drivers (called “partners” in platform parlance, but workers in economic reality). A **2023 study by the Indian Federation of App-based Transport Workers (IFAT)** found that:

Average take-home pay for Ola/Uber drivers fell from ~Rs 30,000–35,000/month in 2016 to ~Rs 15,000–20,000 in 2022 (after platform commission, EMIs for vehicle, fuel)

Over 60% of drivers reported working 12+ hours daily

Less than 5% received any accident insurance or health cover from platforms

Platform companies classify drivers as “independent contractors” rather than employees, thereby avoiding obligations under the **Industrial Disputes Act, 1947, Employees' Provident Fund Act**, or any formal employment benefits framework.

## THE COOPERATIVE ALTERNATIVE — BHARAT TAXI'S ARCHITECTURE

**Bharat Taxi** is structured as a **multi-state cooperative society** — meaning it is owned and governed by its members (drivers and users), not external investors. Key features:

Feature	Bharat Taxi	Ola/Uber
Legal form	Multi-State Cooperative (MSCS Act, 2002)	Private Limited Company
Driver share of fare	<b>80%</b>	~70–75% (after 20–30% commission)
Surge pricing	None	Yes (dynamic pricing)
Ownership	Owned by drivers/users	Owned by investors
Platform commission	Zero/minimal	20–30%
Profit distribution	Surplus to members	To investors

The 20% retained by the cooperative (not pocketed by investors) is used for: platform maintenance, insurance fund, dispute resolution, and building a collective surplus redistributed to members annually as dividends — similar to how Amul distributes annual bonuses to milk producer members.

### Operational launch facts:

Users at launch: **21.34 lakh** registered

Drivers (Sarathis) at launch: **2.31 lakh**

Initial cities: Delhi-NCR (Delhi, Gurugram, Noida, Faridabad, Ghaziabad) and Gujarat (Ahmedabad, Rajkot, Somnath, Dwarka)

Name “Sarathi”: Sanskrit for charioteer (Arjuna’s charioteer Krishna was the original Sarathi — the driver who guides)

## CONSTITUTIONAL AND LEGAL ARCHITECTURE

**Article 43B** of the Constitution (Part IV — Directive Principles of State Policy) mandates: *“The State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies.”*

This was inserted by the **97th Constitutional Amendment, 2011**, which also added:

**Part IX-B** (Articles 243-ZH to 243-ZT): Provisions specific to cooperative societies, covering elections, audit, dissolution, and term of office

The amendment gave constitutional recognition to cooperatives as a distinct economic institution alongside government bodies (Part IX and IX-A) and individuals

The **Multi-State Cooperative Societies Act, 2002** (MSCS Act) governs cooperatives operating in more than one state — making it the appropriate legal vehicle for a national ride-hailing service. The Act provides for:

- Registration and licensing of multi-state cooperatives
- Democratic governance: one member, one vote
- Annual General Meeting requirements
- Surplus distribution rules

The **Ministry of Cooperation** — created in 2021 as a standalone ministry under Amit Shah — is the political driver of this initiative. Before 2021, cooperative policy was handled by the Agriculture Ministry. The new ministry signals a deliberate push to revive the cooperative sector.

## THE AMUL ANALOGY — CAN IT WORK IN SERVICES?

The most famous example of cooperative success in India is **AMUL (Anand Milk Union Limited) / Gujarat Cooperative Milk Marketing Federation (GCMMF)**:

- Founded: **1946** by Tribhuvandas Patel; scaled by **Dr. Verghese Kurien**
- Structure: 3.6 million+ milk producers → district unions → GCMMF → brand
- Turnover: Rs 72,000 crore+ (2024)
- Model: Milk producers own the brand and share the surplus

**IFFCO (Indian Farmers Fertiliser Cooperative)** is another example — the world's largest fertiliser cooperative by capacity.

**Can this translate to services?** The differences:

- Amul's success rested on **physical supply chain** (milk collection, chilling, processing) that required cooperative infrastructure
- Ride-hailing is **pure digital marketplace matching** — any platform can do this technically, including cooperatives
- The key competitive advantage Ola/Uber have is **data and network effects** — more drivers → more passengers → better coverage → more drivers. Bharat Taxi will need to overcome this cold-start problem by leveraging government support, policy preferences, and the economic appeal of zero commission.

**Driver-owned cooperative ride-hailing models** have worked internationally — notably **Green Taxi Cooperative (Denver, USA)**, **La Guilde (Barcelona)**, and **EVA (Montreal)** — though they remain niche compared to VC-funded platforms.

## THE GIG WORKER POLICY CONTEXT

India's **Code on Social Security, 2020** (one of four Labour Codes) specifically recognises **gig workers** as a separate category distinct from both employees and self-employed individuals. It allows for social security schemes for gig and platform workers — but implementation rules are still being finalised.

Key issues for gig workers:

**No EPF/ESI:** Platform drivers are excluded from Employees' Provident Fund and Employees' State Insurance schemes that formal employees get

**No minimum wage guarantee:** App-based earnings can fall below statutory minimum wages

**Accident vulnerability:** Two-wheeler and four-wheeler accidents are a major source of driver income loss

**Algorithm control:** Drivers' income depends on algorithmic assignment of rides — a form of algorithmic management with no grievance redress

**Bharat Taxi's cooperative structure addresses some of these:** as a member of the cooperative, each Sarathi has voting rights, a claim on surplus, and collective governance over platform decisions — including commission rates and driver support funds.

## CRITICAL QUESTIONS

**Sustainability without subsidy:** Can a zero-commission model generate enough surplus to maintain and upgrade technology, expand to new cities, and outcompete VC-backed incumbents? Or will it require perpetual government support?

**Democratic governance at scale:** Cooperatives function well when members know each other (village dairy cooperative). A national platform with 2.31 lakh drivers across multiple states faces serious democratic governance challenges — who votes? How are disputes resolved?

**Technology gap:** Ola and Uber have invested hundreds of millions of dollars in routing algorithms, safety features, and user experience. Bharat Taxi's platform must be competitive without the same capital base.

**Safety and accountability:** The surge pricing that passengers dislike serves an economic function — it brings more drivers online during peak demand. A surge-free cooperative model may face supply shortages during peak hours.

## UPSC RELEVANCE

*Bharat Taxi (cooperative ride-hailing; Multi-State Cooperative Societies Act 2002; zero commission; 80% driver share; Sarathis; Article 43B; 97th Amendment 2011); Ministry of Cooperation (created 2021; Amit Shah); Code on Social Security 2020 (recognises gig workers); Amul/GCMMF (1946; Anand; Dr. Verghese Kurien); IFFCO (world's largest fertiliser cooperative); IFAT (Indian Federation of App-based Transport Workers); Part IX-B (cooperative societies; 97th Amendment).*

*Platform economy vs cooperative economy; gig worker rights; Code on Social Security 2020 implementation; cooperative sector reform and 97th Amendment; comparative analysis — Amul model vs ride-hailing cooperatives; algorithm-based labour management. **GS-2:** Ministry of Cooperation creation; constitutional basis of cooperative promotion (Article 43B).*

**★ FACTS CORNER — KNOWLEDGEPEDIA**
**BHARAT TAXI — KEY FACTS:**

- Type: India's **first cooperative ride-hailing** platform
- Legal registration: **Multi-State Cooperative Societies Act (MSCS Act), 2002**
- Driver brand name: **Sarathis**
- Commission: **Zero commission**; surge-free
- Driver share: **80%** of fare
- Users at launch: **21.34 lakh**; Sarathis: **2.31 lakh**
- Initial cities: Delhi-NCR (5 cities) + Gujarat (4 cities)
- Launched: February 2026 by Union Minister **Amit Shah** at Vigyan Bhavan

**CONSTITUTIONAL/LEGAL FRAMEWORK FOR COOPERATIVES:**

- Article 43B:** DPSPs — State to promote voluntary cooperative formation (97th Amendment)
- Part IX-B** (Articles 243ZH–243ZT): Constitutional provisions for cooperative societies (97th Amendment, 2011)
- Multi-State Cooperative Societies Act, 2002:** Governs cooperatives operating in 2+ states
- Ministry of Cooperation:** Created in **2021** as standalone ministry (under Amit Shah)
- Previously under: Ministry of Agriculture and Farmers Welfare

**KEY COOPERATIVES IN INDIA:**

- Amul (GCMMF):** Founded 1946; Anand, Gujarat; Dr. Verghese Kurien; Rs 72,000 crore+ turnover; 3.6 million+ milk producers
- IFFCO:** Indian Farmers Fertiliser Cooperative; world's largest fertiliser cooperative by capacity
- NABARD:** National Bank for Agriculture and Rural Development; apex for cooperative credit
- NCUI:** National Cooperative Union of India; apex body

**GIG WORKER POLICY:**

- Code on Social Security, 2020:** One of 4 Labour Codes; recognises **gig workers** as a distinct category
- Social security schemes for gig/platform workers: Notified but implementation pending
- IFAT: Indian Federation of App-based Transport Workers; advocacy body
- Platform driver commission (Ola/Uber): **20–30%** of fare

**OTHER RELEVANT FACTS:**

- Ola (ANI Technologies): Indian company; SoftBank, Tiger Global-backed
- Uber: US company; NYSE-listed; operates in India
- ONDC (Open Network for Digital Commerce): Government-backed; open network for e-commerce (different from Bharat Taxi but similar philosophy — open vs. walled-garden)
- Green Taxi Cooperative (Denver): First cooperative ride-hailing globally; driver-owned
- Vasudhaiva Kutumbakam: "The world is one family" (Maha Upanishad)

Sources: PIB, Business Standard, News on Air

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