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The Sarathi Revolution – Can Cooperative Economics Beat Platform Capitalism?

INDIAN EXPRESS

4 February 2026

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CURATED & WRITTEN BY**Bharat Choudhary**

UPSC Educator & Content Creator •

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

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INTERVIEW ANGLE

"Bharat Taxi claims to offer a cooperative alternative to Ola and Uber's extractive platform model. What does economics and the history of cooperatives tell us about whether this model can succeed at scale in India?"

WHY IN NEWS

The launch of Bharat Taxi — India's first cooperative ride-hailing platform where drivers retain 80% of earnings with zero commission — raises profound questions about whether cooperative economics can provide a viable alternative to the foreign-capital-backed platform economy, and whether it can deliver genuine gig worker protection.

THE PLATFORM BARGAIN AND ITS DISCONTENTS

When Ola launched in 2011 and Uber entered India in 2013, they offered a seemingly transformative bargain: flexible work at premium earnings for drivers, convenient affordable rides for passengers, and efficient price discovery through real-time matching algorithms. The bargain has frayed considerably since.

The mechanics of platform economics explain why:

Phase 1 (Growth): Platform companies subsidise both sides of the market — below-market fares for passengers, above-market income guarantees for drivers — using investor capital. This drives rapid adoption. Ola and Uber collectively raised **\$5+ billion** from investors like SoftBank, Sequoia, and Uber's global backers. These subsidies were loss-funded.

Phase 2 (Consolidation): Once network effects take hold — more drivers means better coverage, which means more passengers, which means more drivers — the platform raises prices and reduces driver earnings. Commissions rise from 10% to 25–30%. Surge pricing is introduced. Minimum earnings guarantees are discontinued.

Phase 3 (Extraction): The platform now commands both the demand (passengers) and the supply (drivers). Neither group can easily exit — passengers are habituated, drivers are asset-locked (EMIs on vehicles purchased for the platform). The platform extracts rent from both.

A **2023 IFAT survey** (Indian Federation of App-based Transport Workers) found average take-home for Ola/Uber drivers had declined from Rs 30,000–35,000/month (2016) to Rs 15,000–20,000 (2022), with 12+ hour daily work required to cover vehicle EMIs and fuel costs. This is not a living wage — it is a treadmill.

WHAT BHARAT TAXI IS PROPOSING

Bharat Taxi inverts this model. As a cooperative registered under the **Multi-State Cooperative Societies Act, 2002**:

Ownership: Drivers are member-owners, not contractors. They have voting rights in the governance structure.

Revenue: 80% goes to the driver; 20% is retained by the cooperative for platform costs, insurance fund, and member dividends.

Pricing: Zero commission and no surge pricing. The price is the price.

Accountability: Democratic governance — members elect a board; major decisions require general meeting approval.

This is not a new idea internationally. **Driver-owned cooperatives** have operated in various cities:

Green Taxi Cooperative (Denver, USA): One of the oldest driver-owned cooperatives; survives but remains niche

La Guilde (Barcelona): Cooperative responding to Barcelona's strict Uber/Cabify restrictions

Cotabo (Bologna, Italy): Taxi cooperative with hundreds of members; predates app-based ride-hailing

The common finding from these experiments: cooperative ride-hailing is viable in **regulated, protected markets** where VC-backed competitors are restricted or absent. In open competition with well-funded platforms, cooperatives struggle with the cold-start problem and technology gap.

THE ECONOMIC VIABILITY QUESTION

The zero-commission claim requires scrutiny. How does a platform sustain itself without charging commission?

Revenue sources for Bharat Taxi:

Membership fees: Drivers pay a one-time or annual membership fee. At 2.31 lakh Sarathis even at Rs 1,000/year, this generates Rs 23 crore/year — insufficient for national technology operations.

Government support: Initial funding from Ministry of Cooperation; potentially subsidised technology development from NIC or other government agencies.

Advertising/premium services: The cooperative can monetise in-app advertising or premium listing for Sarathis.

Cross-subsidisation: From Amul's model — the dairy cooperative makes money on the value-added products (butter, ice cream, cheese) and uses margins to subsidise milk procurement prices. Could Bharat Taxi develop a logistics or parcel delivery arm to cross-subsidise rides?

The honest answer is that **Bharat Taxi is viable as long as it has government support**. Without subsidised technology, it cannot match the user experience of VC-backed platforms. Without government procurement preferences (government travel on Bharat Taxi rather than Ola/Uber), it cannot achieve the volumes needed for a self-sustaining cooperative.

This is not a criticism — it is the structural reality of competing with loss-funded incumbents. The policy question is whether the government support is worth it for the social return (better driver incomes, democratic ownership of critical infrastructure).

THE AMUL QUESTION — IS THIS TIME DIFFERENT?

Bharat Taxi's advocates invoke Amul as proof that cooperatives can succeed at scale in India. The Amul analogy is instructive but limited.

Why Amul worked:

Perishable, non-tradeable product: Milk cannot be shipped from cheaper locations. Local dairy cooperatives faced no import competition.

Capital requirement was collective infrastructure (chilling centres, processing plants) that individual farmers could not afford — a genuine collective action problem with a cooperative solution.

Dr. Verghese Kurien's institutional genius: The GCMF model was brilliantly designed to align village cooperative interests with state-level marketing efficiency.

Why ride-hailing is different:

Technology, not physical infrastructure, is the moat: Ola/Uber's advantage is in data, algorithms, and user interface — all replicable (or acquirable) by a well-funded cooperative, but requiring significant capital or government-backed R&D.

Network effects are winner-take-most: In milk, multiple dairy cooperatives can coexist in adjacent regions. In ride-hailing, the platform with the most drivers in a city typically wins — creating pressure toward monopoly.

No import-competition protection: Ola and Uber are already in the market with massive installed user bases. Bharat Taxi must convert existing Ola/Uber users, not just attract new ones.

The cooperative advantage in ride-hailing is real but narrow: in cities where drivers are politically organised, where regulatory pressure restricts surge pricing, and where government procurement is channelled through the cooperative. This describes some Indian cities — but not all.

GIG WORKER RIGHTS — THE DEEPER POLICY GAP

The Bharat Taxi launch is a creative response to a policy failure: India has not yet implemented the **Code on Social Security, 2020's** provisions for gig and platform workers.

The 2020 Code recognised gig workers as a distinct category — separate from employees and the self-employed — and directed that social security schemes be created for them. Over four years later, **implementation rules remain unnotified** for gig worker provisions. A comprehensive national policy for platform workers — covering minimum earnings guarantees, accident insurance, health cover, and dispute resolution — would address the underlying problem more directly than building a competing platform.

What India's gig worker policy needs:

Algorithm transparency mandates: Platforms must disclose how the matching algorithm works, what triggers deactivation, and how earnings are calculated

Minimum earnings floor: A guaranteed minimum per-hour earnings (after deducting commission) equivalent to the notified minimum wage for the respective state

Portable social benefits: EPF-equivalent contributions per ride (funded jointly by platform and worker) that accumulate regardless of which platform the worker uses

Dispute resolution: A fast-track Labour Tribunal or ombudsman for gig worker complaints

Bharat Taxi sidesteps these questions by creating an alternative — but the 20 million+ gig workers already on Ola, Uber, Zomato, Swiggy, and other platforms need regulatory protection in their existing employment arrangements, not just an alternative cooperative to join.

UPSC RELEVANCE

Code on Social Security, 2020 (4 Labour Codes; gig workers as distinct category); Multi-State Cooperative Societies Act, 2002; Article 43B (cooperative promotion; 97th Amendment 2011); Ministry of Cooperation (2021; Amit Shah); Bharat Taxi (zero commission; 80% driver share; Sarathis; 21.34 lakh users; 2.31 lakh drivers); IFAT (Indian Federation of App-based Transport Workers); GCMMF/Amul (1946; Dr. Verghese Kurien; Anand); Industrial Disputes Act, 1947; Employees' Provident Fund Act; ONDC (Open Network for Digital Commerce).

*Platform economy — economics of ride-hailing; gig worker rights and Code on Social Security 2020; cooperative vs platform business model comparison; Amul model applicability; digital monopoly and regulatory response. **GS-2:** Ministry of Cooperation; constitutional basis of cooperative promotion; labour law reforms (4 Labour Codes).*

★ FACTS CORNER — KNOWLEDGEPEDIA
BHARAT TAXI:

Registration: **Multi-State Cooperative Societies Act, 2002**

Commission: **Zero**; surge-free; driver share: **80%**

Drivers: **Sarathis** (Sanskrit: charioteer)

Launch stats: **21.34 lakh users + 2.31 lakh Sarathis**

Initial cities: Delhi-NCR (5) + Gujarat (4)

Constitutional backing: **Article 43B** (97th Amendment, 2011)

Ministry: Ministry of Cooperation (created **2021**; Amit Shah)

COOPERATIVE SECTOR INDIA:

Amul/GCMMF: Founded **1946**; Anand, Gujarat; turnover Rs **72,000 crore+**; 3.6 million milk producers

IFFCO: World's largest fertiliser cooperative by capacity

NABARD: Apex bank for cooperative credit; established 1982

NCUI: National Cooperative Union of India — apex body

GIG ECONOMY — POLICY FRAMEWORK:

Code on Social Security, 2020 (one of 4 Labour Codes): Recognises **gig workers** as distinct category; mandates social security schemes

Implementation: Rules for gig worker provisions **still unnotified** (as of 2026)

Gig workers in India: ~15–20 million (platform-based); Zomato, Swiggy, Ola, Uber, Urban Company

Commission charged by Ola/Uber: **20–30%** of fare

Average driver income (2016 vs 2022): Rs 30,000-35,000/month → Rs 15,000-20,000/month (IFAT 2023)

PLATFORM ECONOMY:

Network effects: More drivers → better coverage → more passengers → more drivers (winner-take-most)

Two-sided market: Platform connects passengers and drivers; extracts rent from both sides

Ola funding: SoftBank, Tiger Global, etc.; raised \$5+ billion

ONDC (Open Network for Digital Commerce): Government-backed open protocol for e-commerce; separate from cooperatives

OTHER RELEVANT FACTS:

Industrial Disputes Act, 1947: Applies to employees; platform drivers classified as “independent contractors” to avoid its application

EPF (Employees' Provident Fund): 12% employer + 12% employee contribution; platform companies avoid this by classifying workers as contractors

Green Taxi Cooperative (Denver, USA): One of world's first driver-owned ride-hailing cooperatives; viable but niche

97th Constitutional Amendment (2011): Added Article 43B + Part IX-B; Supreme Court in 2021 partly struck down Part IX-B for states with own cooperative laws

Sources: Indian Express, PIB

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