Rent-a-Cab Scheme 2027: 5-Car Fleet Enough, New Safety Rules

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15 November 2026: The Ministry of Road Transport and Highways (MoRTH) has published a draft Rent-A-Cab Scheme, 2027 to replace the Rent-A-Cab Scheme, 1989, inviting public comments. The proposal cuts the minimum fleet needed to start a cab-rental business from 50 vehicles to five, introduces a single state-wide licence and adds stricter passenger-safety provisions.

Key proposals in the draft

Easier entry: minimum fleet down from 50 to 5 vehicles (at least 2 cabs per site of operation); eligible vehicles must be under nine years from first registration; the requirement of branches in five tourist cities reduced to just one branch.

Licensing: a single state-wide licence at a uniform fee of Rs 25,000 replaces main and branch licences; licences/renewals within 60 days, and 30 days to add or remove cabs or places of operation; electronic VAHAN registers and automatic data retrieval cut paperwork.

Self-drive allowed: operators may offer cabs with or without drivers - customers could hail and drive cars themselves from airports, railway stations and tourist sites.

Out of scope: cab aggregators like Ola and Uber are not covered; the scheme is limited to operators who own vehicles. State transport authorities will be the implementing agencies; 1989-scheme licences stay valid until expiry.

Passenger safety and grievance redressal

Safety: mandatory vehicle location tracking, first-aid kits and emergency repair/towing; child restraint systems optional; the vehicle must not be listed in the NCRB criminal database.

Grievances: at least one 24x7 telephone customer-care centre with details on the website; insurance cover for passengers/renters; time to correct non-material violations and an appellate mechanism with electronic hearings.

Drivers: police verification mandatory; welfare assured under the Code on Social Security, 2020.

For the exam

Questions can be asked on the ministry (MoRTH), the old scheme (1989), the minimum fleet (50 to 5), the uniform licence fee (Rs 25,000), the vehicle-age limit (9 years) and the aggregator exemption.

Quiz: Test your knowledge

Q1: Consider the following about the proposed Rent-A-Cab Scheme, 2027: 1. It will replace the Rent-A-Cab Scheme, 1989. 2. The minimum fleet requirement is cut from 50 to 5 vehicles. 3. It will also apply to cab aggregators like Ola and Uber. How many are correct?

(a) Only one(b) Only two(c) All three(d) None

Answer and explanation: (b) Statements 1 and 2 are correct. Statement 3 is wrong - the scheme applies only to operators who own vehicles; aggregators are outside its scope.

Q2: What is the proposed uniform fee for the single state-wide licence under the new scheme?

(a) Rs 5,000(b) Rs 10,000(c) Rs 25,000(d) Rs 50,000

Answer and explanation: (c) The draft proposes a single state-wide licence at a uniform fee of Rs 25,000, replacing the earlier main and branch licences.

Mains Practice Question

The draft Rent-a-Cab Scheme 2027 attempts to balance 'ease of doing business' with passenger safety. Review it. (Answer in 250 words - 15 marks)

Answer outline:

Introduction: The context - MoRTH's draft replacing the 1989 scheme.

Main body: The liberalisation side - fleet requirement 50 to 5, single licence, 60-day disposal, self-drive; the safety side - tracking, insurance, NCRB checks, 24x7 complaint centres; assessing the balance - opportunities for small operators versus states' enforcement capacity; the regulatory duality left by the aggregator exemption.

Conclusion: Success will depend on states' enforcement and the effectiveness of the digital compliance system.

Frequently Asked Questions (FAQ)

In short: The draft Rent-A-Cab Scheme 2027 cuts the minimum fleet for cab-rental businesses from 50 to 5 vehicles, brings a single state-wide licence (Rs 25,000) and new passenger-safety rules; aggregators are not covered.

Question: How many vehicles are needed to start a business under the 2027 scheme?

A minimum of 5 vehicles, with at least 2 cabs per site of operation; the vehicle must not be older than nine years from first registration.

Question: Will Ola and Uber come under this scheme?

No - the scheme is limited to operators who own their vehicles; cab aggregators are outside its scope.

Question: What new facilities will passengers get?

A 24x7 customer-care centre, insurance cover, vehicle tracking, first-aid kits and an appeals system with electronic hearings.

Sources:

- Indian Express Explained: From 50 cars to 5 - new Rent-A-Cab scheme, 14 November 2026
- PIB: Rent-A-Cab Scheme 2027 draft

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