

Uber, Ola face off in battle for India's booming taxi market

March 30 2016, by Nirmala George



In this March 29, 2016 photo, Indian commuters drive past a commercial hoarding of Ola cabs in Hyderabad, India. Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps, Uber and Ola, are promising hundreds of millions in new investments while also facing off with one another in court. (AP Photo /Mahesh Kumar A.)

Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps—Uber and Ola—are promising hundreds of millions in

new investment while also facing off with one another in court.

San Francisco-based Uber reportedly plans a \$500 million infusion of new funds, apart from the \$1 billion already committed over the past nine months, according to Indian newspapers. The company declined this week to comment on those reports. Meanwhile, Ola Cabs promises to add another 2,000 cars to the fleet of 26,000 it already commands in New Delhi, chief spokesman Anand Subramanian said.

But it's the ongoing legal wrangles between the two—with each accusing the other of behaving unethically—that have drawn focus to the struggle for India's \$9 billion taxi industry and future growth possibilities in a country with an urban population of 400 million people but few options in safe, convenient public transportation.

This month, Uber filed suit against Ola, accusing its Bangalore-based rival of hijacking its business by creating fake accounts to make bookings with Uber that it then canceled. Ola denied the allegations, calling them ludicrous and suggesting they were a smoke screen to hide Uber's own troubles. Ola previously challenged Uber in court over what it said were illegal business practices.



In this March 29, 2016 photo, Ola cabs, left, waiting for customers are parked next to other cars in Kolkata, India. Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps, Uber and Ola, are promising hundreds of millions in new investments while also facing off with one another in court. (AP Photo/ Bikas Das)

Analysts say the court battles show competition for market dominance is becoming fierce.

"It's a tussle to capture the top spot among taxi-hailing apps and the title of No. 1," said Jaspal Singh, founder of Valoriser Consultants, specializing in analysis of the transportation industry.

Smartphone taxi apps, introduced in India in 2010, have grown to account for 10 percent of the country's overall taxi industry, which also includes regular cabs and three-wheeler "rickshaws."

Ola has already bought out the upstart TaxiForSure, and both Uber and Ola offer rates below those of traditional taxis. Meanwhile, they are quickly adding new cities and customers, including car drivers increasingly fed up with traffic gridlock and difficulty finding parking on India's overcrowded roads.

So far Ola has been dominating the smartphone app market, with a presence in more than 100 cities and roughly half of the business, analysts say. Uber, which entered the Indian market in 2013, operates in 29 Indian cities and is anxious to expand, while myriad small players are clawing their way in.



Ola's cab-hailing smartphone app is seen on a mobile phone in New Delhi, India, Tuesday, March 29, 2016. Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps—Uber and Ola—are promising hundreds of millions in new investment while also facing off with one another in court. (AP Photo/Saurabh Das)

In the latest legal action between the two, filed in the Delhi High Court, Uber demanded an injunction against Ola and \$7.4 million in damages. It accuses Ola—backed by Japan's SoftBank Group Corp. and hedge fund Tiger Global Management LLC—of creating more than 90,000 [fake accounts](#) to book around 400,000 rides and then cancel them in an effort to disrupt Uber's business.

The allegations are similar to those faced by Uber itself in the United States in 2014, where San Francisco-based Lyft accused Uber of booking and canceling thousands of rides. Uber denied the accusations and no legal action was filed.

The Delhi High Court will hold its next hearing in September on Uber's lawsuit, which Ola called "frivolous and false."

Ola said in a statement it was "not beyond our imagination that this is an effort to divert attention from the current realities of the market where Uber has faced major setbacks."

Specifically, those setbacks include a legal petition filed by Ola in October, accusing Uber of flouting a Supreme Court order demanding app-based taxis in New Delhi switch from running on diesel to using compressed natural gas. The companies were given until this month to comply with the rules, intended to curb extreme air pollution in the capital. Ola's parent company, ANI Technologies LTD, has alleged Uber's lawsuit is retaliation against Ola's petition.



In this April 3, 2014 file photo, a smartphone is mounted on the glass of an Uber cab in Mumbai, India. Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps—Uber and Ola—are promising hundreds of millions in new investment while also facing off with one another in court. (AP Photo/Rafiq Maqbool, file)

Uber had earlier troubles in India as well. It was accused of failing to properly screen its drivers in 2014 after one was accused of raping a 26-year-old passenger. Uber's reputation temporarily took a hit, and the government briefly banned all smartphone app taxi services while new regulations were drafted.

The current wrangling over ethics and legal threats is not limited to Uber and Ola.

Last week, rickshaw booking app Jugnoo, operating in the north Indian city of Chandigarh, accused Ola of using "unethical practices to sabotage

its business" by making fake bookings and warned of [legal action](#) if it did not cease.

Jugnoo CEO Samar Singla said his company saw a sudden surge in bookings and cancelations, with about 20,000 cancelations made through 800 accounts over a 10-day period earlier this month.

"We started mapping the areas where the bookings were being made from, and it invariably pointed to places close to Ola's office," Singla said in a statement.



In this March 29, 2016 photo, Indian commuters walk past a parked Ola cab in Kolkata, India. Aiming to wrest control of India's booming taxi market, two cab-hailing smartphone apps—Uber and Ola—are promising hundreds of millions in new investment while also facing off with one another in court. (AP Photo/Bikas Das)

Singh, the transportation analyst, said Uber and Ola were honing their strategies and boosting services to secure market dominance as the country experiments with transportation limits aimed at curbing air pollution.

On April 15, New Delhi will begin banning cars with odd- or even-numbered license plates from the roads on alternate days for two weeks. The capital's first such effort in January helped lessen [air pollution](#) and traffic.

Residents say they will be relying on cab companies to travel in the city during those weeks.

"The last time I just ordered a cab from my phone. For me it doesn't matter if it's Ola or Uber," said Rashmi Singh, an advertising executive. "It's so convenient, I could park my car in the garage permanently."

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