

Faculti Summary

<https://faculti.net/the-impact-of-ride-hailing-services-on-congestion-evidence-from-indian-cities/>

This video discusses the rapid growth of the ride-hailing market, particularly in India, highlighting its expansion to approximately \$160 billion by 2023. It emphasizes the need to study the socioeconomic impacts of ride-hailing services, which have provided benefits such as flexible work opportunities and increased labor pool diversity. However, there are concerns about the negative impacts on congestion, especially as ride-hailing platforms operate as commercial taxi services rather than private ride-sharing.

The study seeks to address two key gaps in the literature: the limited causal evidence linking ride-hailing to congestion and the contrasting findings of previous studies, with some indicating that ride-hailing reduces congestion while others suggest it exacerbates it. The study exploits recent driver strikes to analyze congestion in major Indian cities like Delhi, Mumbai, and Bangalore, using various empirical methods.

Findings reveal that congestion decreased significantly during strike periods, especially in highly congested areas, indicating that ride-hailing services contribute to traffic congestion. This video study's results show that the congestion costs associated with ride-hailing in India may be much higher than those found in Western studies, suggesting that unique economic and regulatory factors in India lead to greater deadheading - instances of cabs driving around empty.

The authors also identify other mechanisms influencing congestion, such as drivers taking shorter routes to avoid traffic and a shift of commuters to public transport in the absence of ride-hailing services. The study concludes that managing ride-hailing supply and improving public transport are vital in minimizing congestion, recommending further welfare analysis for comprehensive policy implications.