

Why the government should acquire BluSmart

As India races to build inclusive cities, integrating BluSmart into the Sahkar Taxi cooperative can offer a transformative model of mobility



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The abrupt suspension of BluSmart's operations has impacted clean mobility ambitions and the livelihoods of over 10,000 drivers. With financial misconduct allegations against its founders coming to the fore, the company's services were halted across Delhi-NCR, Mumbai, and Bengaluru, affecting both employees and a growing base of loyal customers. While the legal system rightly pursues accountability from the promoters for alleged diversion of funds, the workforce and public assets built through this venture need not be abandoned.

This crisis offers a good opportunity for the Indian government to step in, acquire BluSmart, and integrate it into the Sahkar Taxi cooperative platform that is in the process of being rolled out. Such a move would protect livelihoods, preserve vital green urban transport assets, and further India's mission of democratic economic empowerment through cooperative ownership.

Founded in 2019, BluSmart emerged as India's pioneering all-electric ride-hailing platform. Operating a fleet of over 8,000 electric vehicles, the company quickly gained attention for its environmentally friendly service model, transparency in pricing (fixed

fares with no surge), and a zero-cancellation policy. These customer-centric features differentiated BluSmart in a crowded and often exploitative app-based transport market. According to the company's last available disclosures, BluSmart had raised over Rs 500 crore from investors and had partnered with major vehicle manufacturers and real-estate firms to establish charging hubs. Its app had over one million downloads.

With over 10,000 drivers suddenly out of work, many of whom had left jobs with traditional aggregators for BluSmart's cleaner and more ethical platform, the shutdown is not just a corporate failure — it's a crisis. Most drivers did not own the EVs they operated and are now unable to drive for other services. Government acquisition would preserve these jobs and inject confidence in the growing EV-based mobility workforce.

India's climate goals under the updated Nationally Determined Contributions (NDCs) target a 45 per cent reduction in emission intensity of GDP by 2030. Urban transport is a key sector in this transition. BluSmart's fleet, which contributed significantly to reducing carbon emissions in metros, cannot be left to disuse. With the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India Phase II (FAME-II) scheme nearing its end, retaining existing EV infrastructure is more crucial than ever.

One of BluSmart's key strengths was service reliability: No cancellations, real-time cab tracking, and uniform pricing irrespective of demand spikes. These were appreciated by urban professionals, women, and elderly passengers who valued predictability and safety. Integrating these practices into Sahkar Taxi can elevate the baseline of public expectations from ride-hailing services.

Announced in early 2025 by Union Home and Cooperation Minister [Amit Shah](#), the Sahkar Taxi scheme seeks to establish a nationwide cooperative of taxi drivers who jointly own and manage the ride-hailing service. This model aims to counterbalance the commission structures of private aggregators, under which drivers often earn less than 40 per cent of the fare collected. Under Sahkar Taxi, drivers will be members of Primary Transport Cooperatives and receive profit dividends, training, and welfare support.

The scheme is to be supported by the National Cooperative Development Corporation (NCDC), with startup capital from the Ministry of Cooperation. As per the government's initial estimates, Phase I will induct 20,000 driver-owners. Acquiring BluSmart's fleet and staff can give this plan a ready base and strong urban launchpad.

BluSmart's infrastructure — including EVs, charging stations, and IT backend — can be merged into Sahkar Taxi to immediately scale up operations in three major metros. The retained workforce, including skilled drivers, backend operations staff, and tech developers, can be given the opportunity to continue under the cooperative framework, subject to due diligence.

To ensure sustainability, the government can initially hold majority ownership through a holding special purpose vehicle (SPV), while gradually transitioning to a driver-owned model over a five-to-seven-year period. During this phase, a roadmap for disinvestment to cooperative societies and state federations can be developed in consultation with NITI Aayog and the ministries of Road Transport and Highways and Heavy Industries.

This transition model has global precedent. In Spain's Mondragon Corporation and Italy's Emilia-Romagna region, government-backed cooperatives emerged as highly resilient during financial crises. India can learn from these and craft an exit that ensures long-term financial health and participative governance.

BluSmart's demise is a cautionary tale about rapid scaling without internal accountability. But it is also a reminder that innovation in mobility and environmental responsibility should not be hostage to individual misconduct. As India races to build greener, more inclusive cities, integrating BluSmart into the Sahkar Taxi cooperative is not just a rescue plan — it is a transformative blueprint for future mobility.

If the government seizes this moment, it will be doing more than just salvaging a service. It will be sending a strong signal that India is ready to back ethical, green, and people-centric business models with institutional strength. The future of mobility could well be electric — and cooperative.

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