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# The Validity of E-Rickshaws: A Contractual and Regulatory Deconstruction

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## *ABSTRACT*

*The paper examines critically the Indian e-rickshaw sector by analyzing the regulatory framework governing it, drawn from key judicial interventions around its registration,licensing, insurance, and safety compliance. It further discusses how contract law applies to daily passenger-driver interactions by setting up implied duties of safety, care, and fairness. Finally, the study also evaluates the innovative Battery as a Service model, being a hybrid contractual approach with impact on the reliability of the vehicle. The central argument isthat the true legitimacy of the e-rickshaw sector relies on the robust interplay between itslegal regulations, contractual relationships, and technological standards. Only through the coordinated strengthening of these elements can e-rickshaws be integrated as a safe, lawful, and sustainable component of India's urban transport landscape.*

# INTRODUCTION

Electric rickshaws (e-rickshaws) are lightweight three-wheeled vehicles powered by an electric motor along with a rechargeable battery and are the most common mode of short-distance passenger and cargo transport in local areas. However, most lead-acid batteries take nearly eight hours to be fully charged, while lithium-ion batteries are expensive but can be charged quickly. As a result, e-rickshaws have become the primary source of income for many people in India, especially in North India, due to their cheap operating costs.

The fast-paced proliferation of e-rickshaws has led to a series of crucial questions related to their legitimacy—that is, whether they are recognized legally, if they are technically safe, environmentally sustainable, and socially acceptable. In comparison with fuel-based auto-rickshaws, e-rickshaws are an affordable and less polluting option and thus can be considered a good source of employment for people from low-income communities. On the other hand, the lack of regulation in their developmental sector poses challenges in the areas of security and law enforcement.
The issue of legal validity is about whether the concerned authorities comply with the requirements of the Motor Vehicles Act regarding registration, licensing, safety stan-

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dards, and model approval. Different state governments initially had confusion over classification, as the vehicles were run on batteries and had no engine, which caused a regulatory gap. Even though official rules have been set, there are still problems such as overloading and non-standardized models.

Moreover, the technical focus of validity is on mechanical safety because, in the vast majority of cases, low-cost e-rickshaws are equipped with weak frames, poor suspensions, and low-quality batteries.

## HISTORICAL EVOLUTION OF E-RICKSHAW

The first person to introduce e-rickshaws in India is Mr. Vijay Kapoor, who is not only an IIT-Kanpur graduate but also the founder of Seara Electric Auto Ltd. His idea came to him in 2010 after he saw the heavy physical labor that the cycle rickshaw pullers in Delhi's Chandni Chowk were undergoing. He thought of a vehicle that would be human effort-free, environmentally friendly, and have low operating costs.

The transformation of rickshaws has been over 100 years. The first hand-pulled rickshaws that were invented in Japan around 1869 were basically two-wheeled carts pulled by humans. Eventually, these were substituted by cycle rickshaws, which gained more speed and efficiency through pedal power. With the advancement in technology, auto-rickshaws came into existence—Bajaj Auto released a landmark model in 1959—allowing higher speeds and less human work but also leading to increased pollution. Consequently, there have been experiments with electric rickshaws, including the first prototypes developed by the Nimbkar Agriculture Research Institute.

The present-day e-rickshaws that utilize DC motors and lead-acid batteries started showing up in India from around 2010-2011. They became popular very quickly in cities such as Delhi, Kolkata, and Lucknow due to reasons like increasing traffic jams, expensive fuels, and poor last-mile connectivity. Most of the first models were also unregulated and cheaply assembled, which made them very affordable. Their emergence marks India's transition to cleaner, low-cost, and efficient urban mobility solutions.

## PROBLEM STATEMENT

E-rickshaws expanded rapidly in India without any legal or regulatory framework, creating uncertainty about their legality, safety norms, and driver authorization. Cities now face large numbers of unregulated e-rickshaws, leading to weak registration, poor quality checks, and vehicles built with unsafe or unapproved parts.

The lack of driver training has resulted in traffic violations, overloading, and frequent accidents. The paper examines these challenges and explores how proper laws, standards, and enforcement can ensure the safe and valid operation of e-rickshaws.

## THESIS STATEMENT

The legality of e-rickshaws in India is conditional on the harmonious operation of their regulation by law, safety measures, and observance of contractual obligations. The fast and unregulated upsurge of these vehicles initially caused chaotic situations regarding registration, licensing, insurance, overloading, and the production of unsafe vehicles. The Motor Vehicles (Amendment) Act, 2015, recognized e-rickshaws formally and changed the standards for registration, fitness, and licensing, and courts declared that only those vehicles which comply with the rules are legally valid. Technically, it means that the safety of the design, the use of good-quality batteries, and the observance of manufacturing norms are the main requirements for e-rickshaws. Contractual legitimacy stems from the daily conversations between passengers and drivers which create the most important duties of care, fare agreements, and safe transport. The legality of e-rickshaws is still a matter of the coordinated operation of law, safety, and contractual governance as new models such as Battery-as-a-Service are influencing liability and reliability.

## THE STATUTORY BACKBONE: MOTOR VEHICLES ACT & AMENDMENTS

### The Regulatory Vacuum: Pre-2015 Legal Ambiguity

Most Indian cities and metropolitan areas saw the emergence of E-rickshaws as early as the early 2010s. However, the emergence of E-rickshaws brought along an unprecedented challenge: the challenge to regulate them. Currently, E-rickshaws function in a legally grey area, outside the ambit of any act, neither explicitly permitted nor prohibited. Under Section 2(28) of the Motor Vehicles Act, 1988, "motor vehicles" were defined only as mechanically propelled vehicles, yet E-rickshaws, being battery-operated three-wheelers with limited speed and carrying capacity,

did not fit neatly into established vehicle categories like auto-rickshaws or motorcycles.

This regulatory vacuum resulted in a peculiar and chaotic situation where the popularity of E-rickshaws grew rapidly, yet they operated without registration, permits, or insurance requirements. Drivers needed no formal licensing, and manufacturers faced no standardized safety or quality specifications. While on the one hand, this facilitated rapid adoption by economically marginalized communities seeking livelihood opportunities, it also simultaneously raised serious concerns regarding passenger safety and traffic management. The absence of formal legal recognition meant that authorities lacked the ability to enforce any regulation, creating a transportation ecosystem that functioned entirely outside statutory oversight.

## LEGISLATIVE RESPONSE: THE MOTOR VEHICLES (AMENDMENT) ACT, 2015

Recognizing the need to legally legitimize and regulate this burgeoning sector, the Parliament on 19th March 2015 passed the Motor Vehicles (Amendment) Act, 2015; it received Presidential assent on March 23, 2015. This legislation finally specifically addressed E-rickshaws by introducing a new vehicle category termed "e-rickshaws or e-carts" within the Motor Vehicles Act.

The Amendment inserted Section 2A, which defined an "e-cart or e-rickshaw" as *a special purpose battery-powered vehicle of power not exceeding 4000 watts, having three wheels for carrying goods or passengers, as the case may be, for hire or reward, manufactured, constructed or adapted, equipped and maintained in accordance with such specifications as may be prescribed in this behalf.* This provision allowed E-rickshaws to be recognized as

"motor vehicles" and the provisions of the act to be applicable to them.

In addition to defining E-rickshaws, the 2015 amendment also addressed a major challenge faced by E-rickshaw drivers, which is licensing barriers. Under the unamended Act, no learner's license for a transport vehicle could be issued unless the applicant had held a driving license for at least one year. Most E-rickshaw drivers are often first-time operators with no prior driving experience and were therefore technically barred from legally operating these vehicles. Recognizing this practical difficulty, the 2015 amendment introduced a proviso to Section 7(1), allowing a relaxed licensing pathway specifically for E-rickshaw and E-cart drivers. This exemption enabled states to issue learner's licenses without the earlier one-year requirement, provided the applicant passed an eligibility test tailored to low-power, three-wheeled electric vehicles.

Further, the amendment also added Section 9 (10), empowering the Central Government to prescribe the conditions and procedures for issuing driving licenses for E-rickshaws and E-carts. This allowed for simplified, vehicle-specific licensing norms—such as shorter training modules, specialized driving tests, and practical handling requirements, appropriate for low-speed electric vehicles.

## CURRENT REGULATORY FRAMEWORK:

The current regulatory framework requires that E-rickshaw operation must meet **four**basic statutory requirements, thereby elevating it from an informal sector to a legally recognized category of transportation.

**Registration:**According to **Section 39**of the Motor Vehicles Act, every E-rickshaw shall be registered with the concerned regional transport authority. The applicant shall need to submit prescribed forms along with the manufacturer's certificate, proof of ownership, and compliance at par with **Central Motor Vehicles Rules, 1989**. The vehicle must conform to

the technical specifications laid down in the **Central Motor Vehicles (Eighth Amendment) Rules, 2015**, which include maximum speed limits of 25 km per hour.

**Driving License:** Section 3 of the MV Act makes it requisite that no person shall drive a motor vehicle unless he holds an effective license. In the case of E-rickshaws, operators must hold a valid commercial driving license or, more practically, a special license for driving E-rickshaws without gear (**Section 7(1)**), which belongs to a different category with simpler testing requirements.

**Third-Party Insurance:** Section 146 makes insurance against third-party risks compulsory for all motor vehicles plying on public roads. It is necessary for E-rickshaw owners to obtain insurance policies in respect of death, bodily injury, or damage to property of third parties. This helps in safeguarding the interests of passengers and other road users along with offering financial security for operators in case of any accidents.

1 The Energy and Resources Institute. (2017). *Mobility of e-rickshaw in Delhi*. TERI. https://www.teriin.org/library/files/mobility-of-e-Rickshaw-final.pdf

2 Motor Vehicles Act, 1988 (Act 59 of 1988)

3 The Motor Vehicles (Amendment) Act, 2015 (Act 32 of 2019), s. 2A

**Permit Exemption:** Section 66 generally mandates permits for commercial passenger vehicles. However, the Centre in 2016 issued a Gazetted notification exempting most E-carts/E-rickshaws from the requirement of obtaining a public-service permit under Section 66 of the MV Act, a policy choice aimed at reducing bureaucratic barriers and enabling last-mile entrepreneurship. That exemption, however, does not remove state and municipal regulatory powers as states may still impose route restrictions, local permits, or conditions under their traffic laws and may require registration as transport vehicles in certain schemes. (PRS Legislative Research, 2015)

Thus, the current framework has ushered E-rickshaws into the sphere of legal legitimacy and created a system that not only governs but also furthers the goal of sustainable urban mobility while protecting stakeholder interests.

## JUDICIAL INTERVENTION & LANDMARK CASE LAW ANALYSIS

Courts have played a very important role in shaping how e-rickshaws are treated in law, especially during the time when there were no clear rules and the sector was growing on its own. Since the regulatory framework developed late, many of the early questions about whether e-rickshaws were even legally allowed on the roads ended up in the courts. Over the years, different High Courts have dealt with safety issues, compliance failures, and also cases where authorities went beyond their legal powers. Together, these cases explain how the "validity" of e-rickshaw operations has been understood in India.

1 The earliest and most significant judicial intervention occurred in *Shanawaz Khan v. Municipal Corporation of Delhi & Others*(2014)5. The case was filed as a public interest petition because thousands of e-rickshaws were running on Delhi's roads without any registration, number plates, driving licenses, permits, fitness certificates, or even insurance. The Court examined several accident reports, including incidents where people were seriously injured or had died, and held that e-rickshaws fall within the meaning of a "motor vehicle" under the Motor Vehicles Act, 1988. This meant they could not be allowed on public roads unless they met all the legal requirements. The Court also refused to permit their operation on an interim or informal basis, making it clear that courts cannot allow something that the law itself prohibits. By directing the authorities to stop the movement of unregistered and unsafe e-rickshaws, the judgment brought attention to the safety risks involved and pushed the government to create a proper regulatory framework.

2 Even after e-rickshaws received statutory recognition in 2015, compliance on the ground remained a major problem. This became clear in *Ajit Kumar v. Government of NCT of Delhi*(2022)6, where the Delhi High Court heard a petition raising concerns about autos and e-rickshaws being allowed to operate without permits or valid fitness certificates. In a status report placed before the Court, the Government admitted that over 80,000 e-rickshaws with expired fitness certificates were still running on the roads. The Court criticized the authorities for failing to enforce their own rules and directed them to take immediate corrective action. The decision underlined that a regulatory framework means little unless it is properly implemented. If vehicles do not have valid fitness certificates and required permits, their operation cannot be treated as lawful, regardless of the existence of broader regulations.

3 In *Shree Vindavan Auto Sales v. State of Uttar Pradesh*(2024)7, the Court was faced with a challenge to the actions of the transport authorities in Mathura and Agra. A few Assistant Regional Transport Officers had issued notices saying that no new e-rickshaws or e-autos would be registered in their districts. Dealers who were directly affected questioned these orders, saying that the officers simply did not have that kind of power. When the matter came before the Court, the State tried to defend the ban by pointing to Rule 178 of the U.P. Motor Vehicles Rules, 1998. After looking at the rule closely, the Court found that it did not actually authorize the officers to stop registrations altogether. At best, it allowed them to check compliance, not to introduce a complete prohibition on a category of vehicles. Because of this, the Court struck down the notices and made it clear that officials cannot go beyond what the law permits, especially when their actions have a direct impact on people's work and daily transport needs.

The Allahabad High Court held that Rule 178 authorizes only area-based or route-based restrictions, such as limiting use on congested roads, but does not empower authorities to prohibit registration entirely. The Court therefore quashed the notifications, affirming that administrative action cannot undermine the statutory recognition granted to e-rickshaws. This decision ensures that

4 PRS Legislative Research, *The Motor Vehicles (Amendment) Bill, 2015: Bill Summary*(2015), available at https://prsindia.org/billtrack/the-motor-vehicles-amendment-bill-2015.

5 Shanawaz Khan v. Municipal Corporation of Delhi & Ors., W.P (C) 5764/2013, Delhi HC, 9 September 2014.

6 Ajit Kumar v. The Govt. of NCT of Delhi & Ors., W.P (C) 219/2022, Delhi HC, 18 July 2022

7 Shree Vindavan Auto Sales v. State of U.P., Writ-A No. 69 of 2024, All HC, 19 April 2024.

administrative discretion does not remove the legal validity that central legislation confers.

1 In *Atul Vadera v. Government of NCT of Delhi*(2022)8, a petition was filed in the Delhi High Court challenging the Transport Department's decision not to register e-rickshaws that used lead-acid batteries. The petitioner argued that drivers could not afford lithium-ion batteries and that the government's policy was unfair. The Court disagreed and observed that decisions about what type of batteries should be permitted are policy matters, especially when safety is involved.

1 Further developments appeared in *Upgrid Solutions Pvt. Ltd. V. Government of NCT of Delhi*(2024)9, which concerned lithium-ion batteries recovered from impounded e-rickshaws. The batteries had been supplied under leasing contracts, and authorities intended to auction them. The Court held that leased batteries remained the property of the lessor and could not be treated as scrap without considering contractual rights and the environmental requirements of the Battery Waste Management Rules, 2022.

These cases demonstrate that the validity of e-rickshaw operations extends beyond transport permits and includes compliance with environmental norms and the contractual frameworks that support modern battery technologies. Therefore, through these decisions, Indian courts have created a consistent judicial doctrine:

**1 Before statutory amendments**, unregistered and uninsured e-rickshaws were illegal to operate.

**2 After statutory recognition**, validity depends entirely on compliance with registration, licensing, fitness, permit, and insurance obligations.

**3 Administrative restrictions**must remain within statutory boundaries; authorities cannot prohibit what the statute recognizes.

**4 Technical and environmental standards**are essential components of lawful operation.

Therefore, judicial intervention transformed the e-rickshaw sector from an unregulated, informal industry into a legally valid and regulated mode of urban mobility, whose legitimacy depends on statutory compliance as well as responsible administrative governance.

## FOUNDATIONAL CONTRACT LAW PRINCIPLES & PASSENGER AGREEMENTS

The Indian Contract Act, 187210 is the foundation of all contracts creating mutual legal rights and obligations relationships in India, including daily e-rickshaw transactions. The Indian Contract Act, 1872 (hereinafter referred to as "The Act") defines a contract in Section 2(h) as "an agreement enforceable by law." While an agreement is defined in Section 2(e) as "every promise and every set of promises, forming the consideration for each other." Therefore, a contract is an agreement where there is intention to create obligations i.e., to sue the other party in case of breach of contract. A contract is an exchange of reciprocal promises which is the genesis of the obligation of the parties to the contract i.e., the legal duty to fulfill one's promise. This is the intention to create a legal relationship which distinguishes social agreements devoid of legal enforceability from contracts which are legally enforceable i.e., crucial in the context of e-rickshaws, wherein informal agreements require legal recognition for accountability. It is to be emphasized that the Indian Contract Act, 1872 nowhere makes conditions like agreement to be in writing/formal documentation as a mandatory requisite to be enforceable.

## ESSENTIAL ELEMENTS OF VALID CONTRACT

Section 2(h) of the Act makes enforceability a mandatory requisite, i.e., only agreements meeting specific legal criteria become enforceable. An agreement fulfilling the conditions laid down in section 10 of the Act meets the conditions of enforceability as per "The Act." According to section 10 of the Act, an agreement to be enforceable shall be made with the free consent of the parties, competent to contract for a lawful object, lawful consideration, and not expressly declared to be void. Therefore, any agreement meeting the five conditions laid down in section 10 fulfills the criterion of a contract under the Act and creates a legal obligation between the parties to the contract and hence is legally binding.

Free consent is defined in section 14 of the Act as consent being said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation, or mistake. Competency to contract is defined in section 11 of the Act and is presumed both for passenger and driver to be major, of sound mind, and not disqualified from contracting under any law to which they are subject. Section 2(d) defines consideration as moving at the desire of the promisor and therefore recognizes the fare as valid consideration for transportation services, creating reciprocal promises. Section 23 provides for when an object and consideration

8 https://www.livelaw.in/news-updates/delhi-high-court-pil-traditional-lead-acid-battery-e-rickshaws-212156

9 M/s Upgrid Solutions Private Limited and Anr. v. Govt. of NCT of Delhi and Ors., W.P.(C) 12992/2024, Delhi HC, 12 December 2024.

are lawful, rendering contracts void if the e-rickshaw services are prohibited by law or defeat the provisions of law or are fraudulent or *involve or imply injury to the person or property of another; or the Court regards it as immoral or opposed to public policy.*

These statutory provisions collectively ensure that although e-rickshaw agreements seem to be informal, they create legally enforceable rights and obligations between passengers and drivers. Therefore, they provide passengers with contractual remedies while imposing specific duties on drivers regarding service quality and safety standards. This framework of legal enforceability adapts classical contract principles to modern informal transportation agreements too, ensuring legal accountability despite the absence of formal documentation.

## FORMATION OF PASSENGER-DRIVER CONTRACT

*. The Contractual Sequence in E-Rickshaw Services*

The formation of the passenger-driver contract follows a precise legal sequence that transforms a casual interaction into a legally binding agreement.

## INVITATION TO OFFER

The process begins when an e-rickshaw driver plies the vehicle on public roads. This action constitutes an "invitation to offer"—an indication of willingness to receive offers rather than a firm offer itself.

*Proposal - Section 2(a)*

"When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a proposal."

The passenger makes a formal proposal by hailing the e-rickshaw and specifying the destination. This act of specifying the destination transforms the general invitation to treat into a concrete and definite offer.

*Acceptance - Section 2(b)*

"When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted." The driver's acceptance occurs through conduct—stopping the vehicle and indicating willingness to undertake the journey while expressly agreeing on the fare and destination. This acceptance is typically instantaneous and oral, creating immediate contractual relations.

*Agreement - Section 2(e)*

"Every promise and every set of promises, forming the consideration for each other, is an agreement."

The mutual promises to transport and to pay the fare create a valid agreement that forms the basis of the contract, i.e., the intention to create legal relations.

*. Certainty in Contract Terms*

According to section 29 of the Act, "Agreements, the meaning of which is not certain, or capable of being made certain, are void." This section is particularly relevant in e-rickshaw contracts where fare negotiations are often informal. Uncertainty regarding the essential term of consideration can render the agreement void. Clear communication of fare and destination is crucial for contractual validity.

## CLASSIFICATION AS CONTRACT OF CARRIAGE AND IMPLIED TERMS

*. Bailment Principles in Passenger Carriage*

The passenger-driver relationship is specifically classified as a "Contract of Carriage," which attracts the principles of bailment through judicial interpretation.

Bailment Framework:

According to section 148 of the Act, "A 'bailment' is the delivery of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the directions of the person delivering them."

While traditionally applying to goods, courts have extended bailment principles to passenger carriage, recognizing the special responsibility of carriers towards passengers.

*. Implied Duties and Standards of Care*

## DUTY OF CARE

According to section 151 of the Act, "In all cases of bailment, the bailee is bound to take as much care of the goods bailed to him as a man of ordinary prudence would, under similar circumstances, take of his own goods of the same bulk, quality, and value as the goods bailed."

This establishes a non-delegable duty on the driver to ensure passenger safety through proper vehicle maintenance, careful driving, and adherence to traffic regulations.

[10] IndianContractAct,1872(India)

[11] IndianContractAct,1872,§23(India)

[12] M.ChannaReddyv.StateofA.P.(AIR1996SC1823)

Safety Obligations - Judicial Interpretation The Supreme Court in *M. Channa Reddy v. State of A.P.*(AIR 1996 SC 1823) emphasized that common carriers owe the highest degree of care to passengers, recognizing the inherent vulnerability of passengers and the professional nature of carriage services.
*Route Adherence - Section 29*

The implied term of route adherence is deduced from the certainty requirement under section 29 of the Act. The driver is contractually bound to transport the passenger to the agreed destination via a direct or reasonable route, and any material deviation without consent constitutes a breach of contract.
*M. Channa Reddy v. State of A.P.*(AIR 1996 SC 1823)
*Liability Framework - Section 152*
"The bailee, in the absence of any special contract, is not responsible for the loss, destruction, or deterioration of the thing bailed if he has taken the amount of care of it described in section."
This creates a rebuttable presumption of liability, requiring the driver to demonstrate the exercise of proper care in case of accidents or loss.

## LIABILITY AND ENFORCEMENT FRAMEWORK

*. Legal Recourse for Accidents and Negligence*
Compensation for Breach - Section 73 of the Act
"When a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it." This provides the statutory basis for claiming compensation for accidents caused by driver negligence, improper vehicle maintenance, or traffic violations. Passengers can claim:
. Medical expenses for injuries sustained
. Loss of income during the recovery period
. Compensation for pain and suffering
. Other foreseeable damages

*1 Remedies for Overcharging and Contractual Deviations*
Breach of Consideration Terms When a driver demands a fare exceeding the pre-journey agreement or legally stipulated rates, it constitutes a breach of the essential term of consideration. The passenger can:

. Refuse to pay the excess amount
. Initiate proceedings for recovery of overpaid amounts
. Approach consumer forums for relief under the Consumer Protection Act, 2019 for
-deficiency in services-.

Route Deviation Claims For unauthorized route deviations or failure to reach the agreed destination, passengers can:

. Treat the contract as discharged due to breach

. Seek alternative transportation at the driver's cost
. Claim compensation for any additional expenses incurred

*. Concurrent Tort Liability*
In addition to contractual remedies, passengers can maintain an independent action in tort for negligence. The driver owes a duty of care to all road users, and breach of this duty gives rise to tortious liability. This dual availability of remedies allows passengers to choose the most advantageous legal framework for seeking compensation.

## PRACTICAL CHALLENGES

*. Practical Enforcement Challenges*

Despite the comprehensive legal framework of the Indian Contract Act, 1872, the law of torts, and the Consumer Protection Act, 2019, there are significant practical challenges to the effective enforcement of its provisions:

(a) Perceived informality of E-Rickshaw Contracts

. Absence of written documentation

. Difficulty in proving specific terms
. Challenges in identifying parties

(b) Evidentiary Hurdles
. Lack of witnesses to contractual terms

. Difficulty in establishing actual fare agreements
. Problems in proving drivers' negligence

(c) Economic Barriers

. Financial constraints limiting legal action
. Time constraints for working passengers
. Lack of awareness about legal rights

*1 Impact of Illegal Operations*

[13]Consumer Protection Act, 2019 (India)

The legality of e-rickshaw operations directly affects contract validity under Section 23 of the Act. Operations without valid licenses, registration, or in violation of statutory requirements render contracts void due to unlawful objects. However, bona fide passengers unaware of illegal status may still claim under tort principles.

The analysis demonstrates that while the Indian Contract Act, 1872, and the Consumer Protection Act, 2019, provide a robust theoretical framework for governing e-rickshaw passenger agreements and remedies available in case of breach of contract and deficiency of services, the practical scenario shows significant enforcement gaps. The classical contract law principles successfully accommodate modern informal transportation services but require supplementary mechanisms for effective implementation and protection of the rights of the users of e-rickshaw services. Thus, there is a need for simplified dispute resolution processes easily accessible to the public, stringent regulatory oversight, and enhanced passenger awareness for bridging the theory-practice divide in e-rickshaw contractual relationships.

## EMERGING CONTRACTUAL MODELS & OVERALL SYNTHESIS

*1. Battery-as-a-Service (BaaS) Models*

The electric rickshaw ecosystem is witnessing a fast and furious wave of innovative contractual models, with Battery-as-a-Service (BaaS) being the most prominent one, fundamentally separating the most critical and the most perishable component, i.e., the battery, from the vehicle ownership. For a typical e-rickshaw driver, the high upfront cost of lead-acid batteries and their limited lifespan (6-12 months), as well as long charging times, are significant operational challenges. The BaaS model, therefore, attempts to address these issues by enabling battery use on a subscription or a pay-per-use basis, usually through an automated battery-swapping station.

From the point of view of its contractual arrangement, BaaS is a hybrid contract mainly comprising a Bailment Contract and a Service Contract. Under the Indian Contract Act, 1872, bailment means the goods (battery) delivery by one person (service provider) to another (driver) for a predetermined purpose (to power the e-rickshaw), on the condition that the goods will be returned after the completion of the purpose. Every battery substitution is an act of bailment, thereby generating a series of individual, recurring bailment contracts. Such a scheme binds the receiver (driver) with, for example, a duty to take reasonable care of the battery and the giver (service provider) with the obligation of providing the battery that is fit for the intended use and is not faulty.

The service part of the contract is the provider's promise to maintain a network of swapping stations with the primary objective of making the charged batteries available. Performance guarantees and liability allocation are the main legal issues here. The quality and remaining capacity of the swapped batteries, the charging or swapping station uptime, and service disruption handling procedures must be among the issues that are clearly described in the terms of service. Most importantly, liability in the case of a fire caused by a faulty battery, for example, is a very complex matter. The contract must specify the party holding the liability: the battery manufacturer, the BaaS provider who maintained and charged the battery, or the driver if misuse is alleged. The BaaS model is set to play an even more significant role as the Indian Ministry of Road Transport and Highways (MoRTH) requires all e-rickshaws to be fitted with lithium-ion batteries conforming to AIS-156 standards by April 1, 2027, as it can help the driver to manage the initial higher cost of these advanced batteries.

## SYNTHESIS AND PRELIMINARY CONCLUSION

The findings of this paper show that the e-rickshaw sector is not only a transport system but a highly complex, interconnected mesh of contractual relationships. Their overall

14 Electric Vehicle Manufacturers' Society (EVMS), Raises Concern Over Illegal E-Rickshaw Operations (2025). NDTVAuto,EVMSWarnsofIllegalE-Rickshaws,PoorImportsDisruptingIndianEcosystem (6July 2025), available at https://www.ndtv.com/auto/evms-warns-of-illegal-e-rickshaws-poor-imports-disrupting-indian-ecosystem-8832311(last visited 20 Nov. 2025)

15ElectricRickshaw,Wikipedia,https://en.wikipedia.org/wiki/Electric_rickshaw(lastvisitedNov.19,2025).It states that the vehicles' "batteries are typically lead acid with a lifespan of 6 to 12 months."

16Understanding Contract Validity Requirements, UpCounsel, https://www.upcounsel.com/contract-validity(lastvisited Nov.19,2025)Thissourceoutlinestheessential elementsofa valid contract,and theconceptof bailment,whilenotexplicitlydetailedhere,fallsunderthebroaderprincipleofcontractsforalawfulpurpose with mutual consent.

17 Hindustan Times, Low speed limit key in draft regulations for e-rickshaws (2025), available at https://www.hindustantimes.com/india-news/low-speed-limit-key-in-draft-regulations-for-erickshaws-101753902081964.html

validity and stability depend directly on how robust each of these individual agreements is. We identified the primary operational contract, the contract of carriage between driver and passenger, which is accompanied by the implied terms of safety and care. The existence of this main contract, however, depends on the validity of the underlying commercial agreements.

The advent of BaaS models further deepens the intricate web with a critical layer. It is a vital support contract that guarantees the vehicle's operational readiness. If a failure occurs in this service contract—e.g., a charged battery is not available—it directly results in a breach of the driver's contract with the passenger.

In sum, the entire e-rickshaw system is supported by the network of these symbiotic contracts. The sector's stability depends not on any single agreement but on their aggregate validity and the smooth interplay between them. If one link is weak, whether it be a defective vehicle, an exploitative loan, or an unreliable battery service, it will create a ripple effect that risks the entire chain; thus, passenger safety, driver livelihoods, and the regulatory goal of a valid, formalized green mobility solution will be undermined.

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