

Building India's Largest Bike Taxi App | Episode 14 ft. Aravind Sanka...

About Rapido

Rapido is India's first and fastest-growing Bike taxi app with a whopping 25 Million+ app downloads. [They are now running operations in more than 100 cities¹](#). Rapido generates revenue by providing bike taxis, autos, and delivery services, along with its subscriptions and marketing income. [Their revenue from operations grew 91.5% to Rs 144.8 crore during the last fiscal year \(FY22\) from Rs 75.6 crore in FY21²](#). [The company's valuation has crossed \\$830 million, and with the next round of funding, the Swiggy-backed start-up will enter the unicorn club³](#). Is there anything else you would like to know about Rapido?

Abstract

Rapido, India's largest bike taxi app, has achieved remarkable success by building a flexible gig economy for its drivers and focusing on their skills, earnings, transportation inefficiencies and online trust-building. The company, which generates revenue through bike taxis, autos, delivery services, subscriptions and marketing income, has more than 25 million app downloads and operates in more than 100 cities throughout India. Rapido's revenue from operations grew by 91.5% in the last fiscal year, from Rs. 75.6 crore in FY21 to Rs. 144.8 crore in FY22. Rapido's valuation has reached \$830 million, and with the next round of funding, the Swiggy-backed startup will enter the unicorn club. Rapido's business model focuses on building a flexible gig economy for its drivers, offering flexible working hours & weekends off and collaborating with other startups to create an impact on society. By harnessing its exceptional organic growth and increasing driver incentives, Rapido has achieved a significant network effect in certain cities such as Hyderabad and Guwahati.

Key Insights

Impact of Rapido on the Indian startup culture

- □ Despite not initially considering himself an entrepreneur, Sanka's exposure to entrepreneurship activities and mentorship during college sparked his interest in starting his own venture, emphasizing the transformative power of entrepreneurial ecosystems in inspiring and empowering individuals.
- □ The contribution of Flipkart to the Indian startup culture has been remarkable, with young individuals leading teams, building new verticals, and creating a significant impact in the industry.
- □ Rapido is present in 85 cities throughout India, making it a significant player in the bike taxi industry.
- □ Our belief was that if we offer a cheaper alternative with similar convenience, the market in India has to be bigger for bike taxi services.
- □ Entrepreneurship was a choice made by the founders of Rapido to create a visible impact in the economy.
- □ With 85% of customers and drivers coming organically, Rapido's success can be attributed to its strong organic growth rather than relying solely on economies of scale.
- □ Rapido has achieved a significant network effect in cities like Gohati and Hyderabad, with one out of every three people on the road having used their bike taxi service in the last 30 days.

Benefits and opportunities for Rapido drivers

- □ Aravind Sanka shares the potential earnings of Rapido drivers: "they

- ◻ Aravind Sanka shares the potential earnings of Rapido drivers. "they can make five to six thousand [rupees] in three hours of work."
- ◻ The concept of gig work was initially looked down upon in India, but Rapido has successfully introduced a culture of gig work by providing flexibility and extra income opportunities for their drivers.
- ◻ "Imagine three hours of work every day, making 25,000 rupees a month, which is more than what you are currently making in 10 hours."
- ◻ "Our goal is to make drivers earn 70 to 75 rupees per hour, which is almost double the minimum wages in the country."

Adaptability and growth of Rapido during challenging times

- ◻ The company used the downtime during the COVID-19 pandemic to revamp their systems, scale their Gross Merchandise Value (GMB) by five times, and significantly reduce outages, showcasing their ability to adapt and improve during challenging times.
- ◻ The introduction of electric vehicles (EVs) in the bike taxi industry can lead to a significant reduction in prices, benefiting both drivers and consumers, while also providing environmental benefits.
- ◻ Aravind Sanka's passion lies in building teams and empowering them to excel in their respective roles, highlighting the importance of effective leadership and HR management in driving success.

Long Summary

The key idea of the video is that Rapido, India's largest bike taxi app, has achieved success by providing a flexible gig economy for drivers and focusing on improving their skills and earnings, while also addressing transportation inefficiencies and building trust in online platforms.

[00:00](#) ◻ Aravind Sanka, the guest from Rapido, shares his journey from a small town to becoming the first IIT graduate, discussing his experience at Flipkart and his interest in entrepreneurship.

- ◦ Aravind Sanka, the guest from Rapido, shares his background of coming from a small town near Vijayawada and being the first IIT graduate from there.
- ◦ The speaker discusses his journey from leaving his village for better education, going through IIT coaching, setting up a college, learning from mentors, and realizing his interest in entrepreneurship.
- ◦ The speaker discusses their experience working at Flipkart and being part of the first batch of employees, which eventually led to their exposure and growth in the company.

[03:32](#) ◻ Rapido, India's largest bike taxi app, has surpassed Ola and Uber in their largest city, proving the success of bike taxis in India despite initial skepticism from foreign investors.

- ◦ The speaker discusses his experience working on a business finance team at Flipkart, gaining confidence in understanding business, and the impact of Flipkart on the Indian startup culture.
- ◦ Rapido, India's largest bike taxi app, is present in 85 cities across the country, including district headquarters, state capitals, and the second largest cities in each state.
- ◦ Rapido, India's largest bike taxi app, has surpassed the number of orders and trips of both Ola and Uber in their largest city, and despite initial skepticism, bike taxis have proven to be successful in India.
- ◦ The speaker discusses the belief that a bike taxi app in India, offering cheaper and similar convenience to traditional taxis, has the potential to be successful despite initial skepticism.

- Foreign investors struggle to understand the concept of bike taxis in India because they are not the target customers and have never experienced riding on a two-wheeler, but the majority of Indians are familiar with this mode of transportation.
- Rapido, India's largest bike taxi app, took three years to reach series A funding, with investors initially skeptical but eventually recognizing the potential of the two-wheeler taxi concept.

[12:29](#) □ Rapido, India's largest bike taxi app, provides a flexible gig economy for drivers to make extra income, catering to the demand for bike taxis in small towns where people may not have their own two-wheelers, and offering flexible working hours and weekends off.

- ◦ Rapido, India's largest bike taxi app, focuses on building a flexible gig economy for their drivers, called captains, who can work part-time and make extra income, with the aim of expanding beyond metropolitan cities.
- The speaker discusses the demand for bike taxis in India, highlighting that while the assumption is that most people who can afford a bike taxi can also afford to buy a two-wheeler, there is still a use case for bike taxis in small towns where people may not have their own two-wheelers, citing the example of Indonesia where bike taxis are a prominent mode of transport.
- Vehicle ownership is not necessarily related to ride sharing, as there are various use cases where people prefer not to drive, such as parking issues, going to a bus stop or metro, attending parties, or traveling to their hometown, and even though many customers of Rapido already own a vehicle, they still use the ride sharing service.
- Majority of Rapido's bike taxi drivers are either underemployed or unemployed individuals who use the platform to increase their income, with some being students or blue-collar employees.
- People from various backgrounds, including government employees and office workers, can work for three hours a day with Rapido and earn an additional 5 to 6 thousand rupees, with some working full-time and earning up to 20,000 rupees per month.
- Rapido offers flexible working hours, allowing bike taxi drivers to spend time with their families and have weekends off, which is not possible in other jobs like food delivery where incentives are tied to working on weekends.

[22:01](#) □ Startups should focus on building products to help gig workers improve their skills and increase their earnings, as bike taxi drivers often struggle to earn a high income and may need to upskill or find additional sources of income to support their families.

- ◦ People in gig work, such as Uber drivers and beauty therapists, earn comparable incomes to entry-level BPO workers, but startups often overlook their needs and should focus on building products to help them improve their skills and increase their earnings.
- It is difficult to earn a high income as a bike taxi driver, so it may be necessary to upskill or find additional sources of income to support a family in a city like Bangalore.
- Rapido, India's largest bike taxi app, focuses on upskilling their part-time captains and providing financial services to help them save and manage their gig income.
- Rapido, India's largest bike taxi app, focuses on upskilling and providing flexibility to their captains, with 75-80% of their team working on captains and creating employment opportunities for over a million drivers.
- Entrepreneurship was chosen to create a visible and impactful solution, leading to the development of Rapido, India's largest bike taxi app.
- Employees should be allowed to do gig work during their free time as long as they are still performing well in their main job, as it can bring additional benefits and opportunities for both the employee and the employer.

[30:10](#) □ Rapido, India's largest bike taxi app, has experienced organic growth and increased profitability by incentivizing drivers with higher earnings, maintaining driver earnings to align with inflation, and striking a balance between increasing margins and offering discounts.

- - Rapido, India's largest bike taxi app, has experienced a network effect with increased profitability and organic growth in both customer and driver downloads over the past two years.
 - The speaker discusses the strategy of incentivizing drivers with higher earnings to meet the goal of making them earn 70 to 75 rupees per hour, which is almost double the minimum wage in the country, by giving them incentives in the form of additional earnings.
 - The speaker discusses the importance of maintaining driver earnings and making sure they align with inflation in order to ensure the unit economics of the business work, with 85% of their customers and drivers coming organically.
 - One out of every three people on the road in certain cities have used Rapido bike taxi app in the last 30 days, leading to a city-level network effect and making Rapido the largest player in Hyderabad.
 - Rapido's customer acquisition cost is less than 70 cents, while the cost for a captain is 200 rupees, and they aim to strike a balance between increasing margins and offering discounts to maintain growth and profitability.
 - Increasing the price of their bike taxi app, Rapido, has led to improved margins and profitability due to optimization of pricing and utilization of their captains, while also ensuring affordability and fairness for both customers and drivers.

[37:48](#) □ Rapido, India's largest bike taxi app, emphasizes the importance of matching drivers to customers and optimizing costs, including the potential benefits of transitioning to electric vehicles, while facing challenges and pressure in disrupting the bus industry.

- - Matching the right driver to the right customer and optimizing their location for quicker pickups is crucial for a successful bike taxi app.
 - The speaker discusses the importance of pricing algorithms and optimizing cloud costs in their bike taxi app, as well as how they utilized the downtime during the pandemic to revamp their systems and scale their business.
 - The speaker discusses the importance of keeping costs low and mentions the example of a Telugu founder who emphasized the need for a cost-effective business model, including opening call centers in tier two cities.
 - EVs will enable a price reduction of 15%, benefiting both drivers and consumers, and Rapido expects to be an important part of the market in the next five years.
 - The speaker discusses the potential benefits of transitioning to electric vehicles for their bike taxi app, but acknowledges that it will take time due to the need for affordable and practical options for their drivers.
 - The speaker faced challenges and pressure while disrupting the bus industry, as some people perceived it as a threat to their business.

[45:53](#) □ Rapido, India's largest bike taxi app, aims to solve transportation inefficiencies by providing a solution for the first and last mile of travel, benefiting from changes in technology and building trust in online platforms, with a focus on safety and impact.

- - Rapido, India's largest bike taxi app, operates both two-wheelers and three-wheelers, but consumers have specific use cases and preferences that cannot be easily changed, and the app aims to solve inefficiencies in transportation by providing a solution for the first and last mile of travel, complementing public transport rather than competing with it.
 - Rapido, India's largest bike taxi app, faces challenges in starting a new category but benefits from changes in technology such as

online platforms and the availability of smartphones.

- The availability of instant payments and banking APIs has made the gig economy more efficient and trustworthy, allowing for immediate earnings and building trust in online platforms like Rapido.
- Rapido, India's largest bike taxi app, has around 5% women drivers, 22% female customers, and 40% female customers in auto rickshaws, which is attributed to the confidence and safety measures provided by the platform, as well as the lack of reliable alternatives.
- Rapido is a platform that aims to create an impact by building teams and making the best use of people's skills, with the happiest moments being the stories of the captains and their impact on their lives.
- The speaker shares a personal anecdote about never having tried pizza until they came to their IIT, and how they only tried it because of a campaign by Pizza Hut.

[56:01](#) □ Building India's largest bike taxi app is not just a business, but a passion for the speaker, who expresses gratitude to the team.

Q&A

How has the availability of instant payments and banking APIs made the gig economy more efficient, and what role did it play in making Rapido successful?

Answer: The availability of instant payments and banking APIs has made the gig economy more efficient and played a significant role in making Rapido successful. Rapido, India's largest bike taxi app, utilizes these technologies to ensure immediate earnings for their drivers and build trust in their online platform.

By leveraging instant payments and banking APIs, Rapido enables its drivers to receive their earnings promptly and efficiently. This eliminates traditional payment delays and allows drivers to access their income immediately, providing them with financial stability and flexibility. Immediate earnings are crucial for gig workers, as they often rely on these incomes for daily expenses and managing their finances.

Moreover, the availability of banking APIs enables Rapido to streamline payment processes and establish a dependable and secure payment infrastructure. This not only benefits the drivers but also provides a reliable experience for customers using the platform. The implementation of these APIs ensures seamless transactions between drivers, customers, and the platform, enhancing overall efficiency and credibility.

For Rapido, these instant payment and banking solutions contribute to the success of their gig economy platform. By ensuring prompt earnings, Rapido attracts more drivers, as it provides them with an opportunity to earn additional income reliably and easily. This leads to an increase in the number of drivers available on the platform, which in turn improves service availability and response times for customers. The efficiency gained from instant payments and banking APIs allows Rapido to create a robust and convenient ecosystem that benefits both drivers and customers, contributing to the overall success of the platform.

In summary, the availability of instant payments and banking APIs has significantly enhanced the efficiency of the gig economy. For Rapido, it has played a crucial role in making their platform successful by providing immediate earnings to drivers, establishing a reliable payment system, and building trust among drivers and customers.

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What measures does Rapido take to ensure the safety and confidence of its female drivers and riders, and how does it compare to traditional taxi services?

Rapido takes several measures to ensure the safety and confidence of its female drivers and riders. The platform has around 5% women drivers and 22% female customers, which is attributed to the confidence and safety measures provided by the app. This indicates that Rapido is successful in creating a trustworthy environment for women.

One of the key factors contributing to the safety and confidence of female drivers and riders is the availability of immediate payments and banking APIs, which makes the gig economy more efficient and trustworthy. It allows for immediate earnings, making women feel secure about their income. Moreover, Rapido emphasizes the importance of safety and impact. They have implemented safety measures and provide safety training to drivers.

Compared to traditional taxi services, Rapido's safety and confidence measures for female drivers and riders seem to be more effective. Rapido's platform focuses on maintaining a safe and secure environment for all users, particularly for women. The app's safety features and training programs create a sense of confidence in the platform. Traditional taxi services may not always have similar safety measures in place, which could lead to a lack of confidence among female drivers and riders.

Overall, Rapido goes the extra mile to ensure the safety and confidence of its female drivers and riders by implementing safety measures, providing training, and creating a trustworthy environment through immediate payments and banking APIs. These measures seem to surpass those offered by traditional taxi services.

How does Rapido incentivize its drivers to earn more than the minimum wage in India, and what impact does it have on the company's unit economics?

Rapido incentivizes its drivers to earn more than the minimum wage in India by offering higher earnings and benefits. The company aims to make drivers earn 70 to 75 rupees per hour, which is almost double the minimum wage in the country. They achieve this by providing incentives in the form of additional earnings for drivers, based on their performance. By enhancing driver earnings, Rapido not only ensures fair compensation for its drivers but also attracts more drivers to join its platform, leading to an increase in the supply of drivers and ultimately improving the availability of rides for customers.

The impact of incentivizing drivers to earn more than the minimum wage on Rapido's unit economics is positive. The company has achieved a significant network effect in certain cities, such as Hyderabad and Guwahati, with one out of every three people on the road having used their bike taxi service in the last 30 days. This organic growth and increased customer uptake have contributed to the company's revenue growth by 91.5% in the last fiscal year. Furthermore, Rapido's driver-centric approach has resulted in the company having more than 25 million app downloads and operating in over 100 cities throughout India. The increased availability of drivers and the resulting growth in customer demand have positively impacted Rapido's unit economics, leading to improved margins and profitability. The balance between increasing driver incentives and maintaining growth and profitability ensures a sustainable business model for Rapido.

Why do foreign investors struggle to understand the concept of bike taxis in India, and what

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potential does it have as a successful business model?

Foreign investors may struggle to understand the concept of bike taxis in India because they are not the target customers and may have never experienced riding on a two-wheeler. Bike taxis are a prominent mode of transport in India, and the majority of Indians are familiar with this mode of transportation. The assumption that most people who can afford a bike taxi can also afford to buy a two-wheeler may not hold true in small towns where people may not have their own two-wheelers. Additionally, there are various use cases where people prefer not to drive, such as parking issues, going to a bus stop or metro, attending parties, or traveling to their hometown, which creates a demand for bike taxis.

The potential for bike taxis in India as a successful business model is significant. Rapido, India's largest bike taxi app, has surpassed the number of orders and trips of both Ola and Uber in their largest city, demonstrating the success of bike taxis despite initial skepticism from foreign investors. Rapido has achieved a significant network effect in certain cities like Guwahati and Hyderabad, with a vast number of people having used their bike taxi service in the last 30 days.

Rapido's business model focuses on building a flexible gig economy for its drivers, offering them flexible working hours, weekends off, and higher earnings compared to minimum wages in the country. By providing a platform for underemployed or unemployed individuals, students, and blue-collar employees to increase their income, Rapido has created opportunities for a wide range of people.

The success of Rapido can be attributed to its strong organic growth and network effect achieved through its exceptional customer and driver downloads. The company's revenue from operations has been steadily growing, and it has expanded its presence to over 100 cities throughout India. Rapido's success and growth potential make bike taxis an attractive and successful business model in India.

Question: How do startups in the gig economy overlook the needs of their workers, and what measures can they take to help improve their skills and earnings?

Startups in the gig economy often overlook the needs of their workers by not prioritizing measures to help improve their skills and earnings. This lack of attention can result in gig workers struggling to earn a high income and facing difficulties in supporting themselves and their families. To address this issue, startups can take several measures to better support their workers:

1. **Focus on upskilling:** Startups can provide opportunities for gig workers to enhance their skills and increase their earning potential. By offering training programs or workshops, startups can help workers improve their abilities and qualifications, making them more competitive in the gig economy job market.
2. **Provide financial services:** Gig workers often face challenges in managing their income and savings. Startups can offer financial services such as savings accounts, financial planning tools, and assistance in managing gig income. These initiatives can help workers save, invest, and make better financial decisions, ultimately improving their overall financial well-being.
3. **Offer flexible working hours:** Many gig workers value flexibility in their work schedules. Startups should consider providing flexible working hours that allow workers to balance their personal and professional lives. By

offering scheduling options that accommodate their workers' preferences, startups can attract and retain talented gig workers.

4. Foster a culture of growth: Startups should create an environment that encourages gig workers to develop their skills and pursue growth opportunities. This can be achieved by offering incentives for continuous learning and career progression. By investing in their workers' development, startups can help improve their skills and ultimately enhance their earning potential.

5. Collaborate with other organizations: Startups can leverage partnerships with other organizations to provide additional benefits and opportunities for gig workers. Collaborations with educational institutions, skill development programs, or industry associations can facilitate access to training, networking, and support systems, leading to improved skills and earnings for gig workers.

By implementing these measures, startups can address the needs of their gig workers and contribute to their professional growth and financial stability. This proactive approach fosters a positive working environment and helps gig workers thrive in the gig economy.

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