

# Research on Government Administrative Regulation and Development of Online Car

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## Abstract

The rapid development of the sharing economy has led to the fast integration of resources, which has contributed to the emergence and development of online car. As a new mode of transportation, online car has greatly eased the contradiction between supply and demand of rental cars and met the diversified and personalized needs of people for cars. At the same time, it has continued to promote the innovative development of China's transport sector and the transformation and modernization of its industrial structure. However, the development of online car has also brought a series of new problems, which have impacted the monopoly position of traditional cab industry; in the process of operation, there are many undesirable phenomena in the market due to poor supervision, which has largely restricted the development of online car and even created many factors that endanger social security; the problem of net-taxi management needs to be solved as soon as possible. Through reading the literature, we have grasped the basic information of the development and regulation of online car under the sharing economy, and found that there are many problems in the regulation. On this basis, this paper consists of three parts: background and significance of the study, overview of the development and regulation of online car, and suggestions for optimization to promote the healthy operation of the online car market and ensure the safety of people's transportation.

## Keywords

Sharing Economy; Online Car; Administrative Regulation.

## 1. Background and Significance of the Study

### 1.1. Background

In recent years, the progress of the Internet has promoted the continuous development of the sharing economy. As a representative product of the sharing economy, the emergence of online car is in line with the general trend of the times. It has brought a huge impact on cabs, which had been in a monopoly position in the traditional transport industry. In addition, due to the incomplete regulatory policies and measures for online car, the safety of passengers is not properly protected, and passengers have been victimized. In addition, due to the incomplete regulatory policies and measures, the safety of online car passengers is not properly safeguarded, and there are frequent incidents of passenger victimization, which has caused people to discuss the safety of online car. How to carry out a more comprehensive supervision of the online car industry, promote the rapid development of online cars, and better guarantee the transport safety of the people, has been widely concerned from all walks of life.

### 1.2. Significance

**(1) Accelerating the transformation and upgrading of the cab industry.** The emergence of online car has broken the monopoly of the cab market, and in order to improve its competitiveness, the cab industry has changed its concept of development and joined the trend of sharing economy. Not only did it take the initiative to develop software and Wechat mini

programs, but it also cooperated with many online cab platforms to expand its business, learn the operation mode and enhance its competitiveness to cope with the impact brought by online car.[1]

**(2) Provide help for government management.** Explore the right path suitable for online car development on the basis of the actual situation now, solve the lagging problem of management, and try to encourage, support and guide the development of online car industry. [2]

**(3) Safeguarding the rights of people related to the industry.** Through the study, it enables the relevant government departments to regulate the online car industry at the legal level, which can not only maximize the legal rights of the passengers and drivers of the taxi, but also bring better comfort and convenience to the passengers' transport, thus promoting the overall healthy and orderly development of the online car industry.[3]

**(4) Provide samples for other forms of sharing economy.** As a product of the new mode of operation of the sharing economy, online cars are bound to have different connections with various industries. The study of the regulatory approach to net-approved vehicles will provide more references for other related industries to regulate their activities. As a high-quality model of the sharing economy type, online cars will definitely have an important strategic impact on the overall construction of the sharing economy in the country.

## 2. The Development of Online Car Overview and Regulatory Status

### 2.1. Overview of the Development of Online Car

According to the data, as of September 30, 2021, a total of 248 online car platform companies nationwide have obtained online car platform operation licenses, an increase of 3 compared to the previous year, and a total of 3,595,000 net car driver licenses and 1,148,000 vehicle transport licenses have been issued around the country, with an increase of 2% and 4.1% compared to the previous year. [4]Didi, Shenzhou and Shouqi ranked among the top three in the user popularity ranking. The total daily short-distance transport orders generated in China are about 76.8 million orders, and if the price per order is 30 yuan, the estimated revenue market size is 840.96 billion yuan. If in the future the car can have 50% of the market size, corresponding to 420.5 billion yuan of revenue, its development prospects can be expected to be bright.[5]

### 2.2. The Course of Online Car Regulation

**According to the time point can be roughly divided into three phases:**

#### 2.2.1. Unsupervised Phase

In 2012, a number of domestic software companies have carried out online car business, although occupying a certain share of the market, did not cause a threat to the traditional cab market position. Due to the industry's emerging, domestic also has no relevant legislative experience, relatively blank, the national authorities are still cautious about this wait-and-see attitude.

In July 2014, the Ministry of Transport issued the document "Notice on Promoting the Orderly Development of Taxi Telemarketing Services such as Mobile Phone Software Calling", which encouraged the development of cooperation between information technology and traditional cab industry in the new era. It can be concluded that the state encouraged the development of the online taxi industry at that stage and gave some space for trial and error. This phase is the initial phase of the development of the online car industry, and the no-regulation phase made the online car industry get a quick start.

### 2.2.2. Regulation of the Initial Operational Phase

Since June 2014, major platforms have launched online car services one after another, and a large number of special cars have flooded into the cab market. In order to try their best to gain market share, the platforms have lowered their own profits so that drivers can profit more and also give customers large coupons, resulting in the market share of traditional transportation such as cabs and buses being squeezed, and strikes to resist online cars have erupted in various places, which has created a serious threat to the development of the transportation industry .

In January 2015, the Ministry of Transport issued the "Regulations on the Management of Cab Operation Services", which explicitly prohibits private cars from participating in the operation of online car. In January 2015, the Ministry of Transport issued the "Regulations on the Management of Rental Car Operation Services", which explicitly prohibits private cars from participating in the operation of net cars, and also suggests that there are loopholes in the operation of net cars by net car platforms for responsible subjects and passenger personal safety. Through such a strict regulation, some of the social contradictions generated by the net car have been initially alleviated.

### 2.2.3. Regulatory Normalization Phase

In July 2016, the Ministry of Transport and seven other ministries issued the Interim Measures on July 27, 2016. It is hoped that the Measures will better meet the public's demand for multiple modes of travel, promote further integration of information technology with the traditional travel industry, and moreover regulate the various activities of online car operations and protect the legitimate rights and interests of those involved in the industry. It not only legalizes the operation of net car, but also provides standardization criteria for the activities in the process of its development and operation. According to the "Interim Measures", the development of local operation of the corresponding policy process, certain regulations compared to the central regulations are more stringent, which can better regulate the online car market, but also caused the loss of certain net car practitioners and customers, is a certain disadvantage.

In the subsequent phase, with the continuous and in-depth development of the online car industry, the country continues to also improve the relevant regulations. I hope that in the process of continuous improvement to get a better regulation and supervision of the problems that arise in the operation of the online car platform. For example, in June 2018 , the Ministry of Transport issued the "notice on strengthening and standardizing the management of the list of untrustworthy joint disciplinary targets in the taxi industry (draft for comment)" and the "taxi service quality and reputation assessment methods", and on August 1, 2020, the "self-regulatory code for the safe operation of network booking taxi platform companies" and the "technical specifications for the safe operation of private minibus ride-sharing information service platform companies". etc.[6]

## 2.3. Problems Found in the Regulation of Online Car[7]

(1) The regulatory direction is not clear, and the regulations fail to clearly define and explain the purpose of the regulations, resulting in the regulations failing to achieve their intended effect of solving problems.

(2) The government's regulatory concept is backward, and the policy adjustment lacks initiative and foresight. It is unable to make a prediction in advance of the problems that will be encountered in the development of the online car industry, or synchronize the update of laws and regulations, resulting in problems that cannot be dealt with or solved in a timely manner every time they arise.

(3)When local governments made specific adjustments in accordance with the regulations issued by the central government, they failed to truly take into account their own actual

conditions. The blind compliance with the provisions of the central government but promote the growth of regional protectionism, can not play a people-friendly effect.

(4) Too dependent on a single means of regulation. In the regulation of the main body using a single means, mainly through the administrative penalty approach, a single means of regulation and high penalties, it is easy to lead to the net car platform, drivers and other subjects of resistance to regulation, resulting in the supervision of the work is difficult.

### 3. The Problem Optimization Approach

**(1) The establishment of a sound legal system, a more complete system is a very important guarantee of the orderly and healthy development of the net car industry.** On the one hand, there is a need for in-depth and extensive understanding of the development of the online car industry, the effect of the implementation of the current policy, with the latest information to adjust the policy. On the other hand, it is necessary to establish a policy place and standardize the mayor hotline system, etc., to widely broaden the channels to obtain public opinion, listen to the people's demands and opinions, and to organize experts and scholars to make good predictions on the challenges and risks that may be faced by the future development of the online car industry, so as to establish a more scientific, democratic and effective online car regulatory system.

**(2) The government should adjust the regulatory policy in a timely manner, improve the initiative and foresight of policy formulation, and change the lazy and negligent thinking of "no accident is not dealt with".** On the one hand, the government should set up a special investigation team to regularly collect the report on the development of net car, so as to have an in-depth understanding of the object of policy formulation; Secondly, the government should regularly organize experts and scholars to discuss the recent hot news related to online car, so that experts and scholars can make certain judgment and prediction on the current situation and future development trend. The government should keep abreast of the problems and challenges that may be encountered in the future development of online car and prepare policies and strategies in advance to prevent problems before they occur.

**(3) Local governments should not blindly follow the regulations designated by the central government when formulating the regulation system of online car, but should make specific settings according to the specific local conditions.** On the one hand, by analyzing the local traffic characteristics, researching the travel demands of the public, and combining the local road traffic condition and public transportation development level, they can develop a "differentiated and localized" regulation policy for online car. On the other hand, the most localized regulatory policy can be formed by discussing the regulatory rules with the local transportation department heads, online car drivers and local people representatives.

**(4) Establish a common supervision platform to realize "online and offline" common supervision.** On the one hand, the government should actively build two multi-dimensional dialogue platform, such as forums, seminars, etc., innovative dialogue, better and other industry-related topics for in-depth communication, play the role of different subjects of regulation, the government through the enterprise to monitor the online car, and then the enterprise to self-monitor.

### 4. Conclusion

To sum up, as a new product of the times, the online car will certainly bring fast and convenient at the same time, causing some impact on the original order. The government should uphold a decisive, pragmatic and cautious regulatory style of work, and take advantage of the era of advanced science and technology to promote fair and just and healthy competition in the online

taxi industry. The platform should also fulfill its obligations, comply with the relevant industry standard system, and form a benign cooperative regulatory mechanism with the government. We expect that the online car industry can overcome the problems faced in the development one by one with the efforts, support and help of many parties, and better integrate into our social life.

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