

GUIDANCE

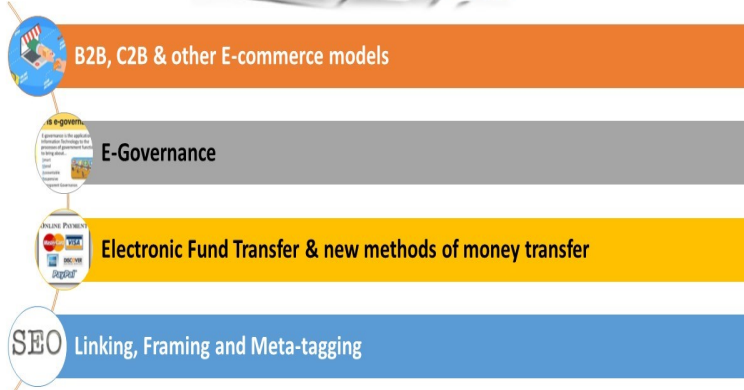
E-Commerce & Regulatory Environment in India

E-commerce activities are governed by several Regulations and Acts of the Government. **Information Technology Act 2000** provides legal recognition for the transactions carried out by means of electronic data interchange and other means of electronic communication, which involve the use of alternatives to paper-based methods of communication and storage of information. There are numerous other laws protecting customers & users, some of which are: -

- ◇ **Indian Contract Act, 1872:** Substitutional remedy entitling a party to claim damages/compensation for direct loss
- ◇ **Specific Relief Act, 1968:** Discretionary relief enforcing a person’s civil right to seek specific performance.
- ◇ **Sale of Goods Act, 1930:** Right of cancelling the contract and to seek damages in case of breach of an essential condition of a contract
- ◇ **Tort Law** – May protect online customers for any civil wrongs committed by e-tailers or online service providers
- ◇ **Consumer Protection Act, 1986:** Protects consumers and does not apply to wholesalers, retailers
- ◇ **Special Statutes** – Food Safety and Standards Act, 2006, Drugs and Cosmetics Act, 1940, Legal Metrology (Packaged Commodity) Rules, 2011 – equally apply to the online world and goods bought by consumers through e-commerce
- ◇ **Competition Act, 2002** – prohibits anti-competitive agreement, monopolistic and restrictive trade practices that involve abuse of dominant position by a party
- ◇ **Indian Penal Code, 1860** – includes penal provisions for false weights and measures, adulteration of goods, false property marks, breach of trust, impersonation and cheating besides other provisions to protect a customer’s interest

Then to regulate business of e-commerce companies there are Companies Act, 2013, FDI provisions under FEMA, RBI regulating payment platforms, business specific statutes, intellectual property protection laws, data protection and privacy laws. While strong consumer protection laws will encourage and promote the e-commerce activity, strict data protection principles and privacy norms will make the cyberspace more reliable and secure for e-commerce transactions. There is an urgent need to formulate/strengthen laws for a steady growth of e-commerce activity and to promote its optimal deployment across all horizontal and vertical sectors of e-business.

Use of computers and information technology to transact business by & between entities & individuals. The “e” in electronic commerce means use of technology & “commerce” means a business method.



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