

Chapter 2

E-Retailing Laws and Regulations in India: E-Commerce in India – Legal Perspectives

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ABSTRACT

E-commerce in today's world has become one of the most essential parts of everyday life. Particularly for urban areas, the accessibility to platforms of e-commerce is not just an opportunity but rather a necessity for most people. In 2014, nearly 75% (2.1 billion) of all internet users in the world (2.8 billion) lived in top 20 countries. The remaining 25% (0.7 billion) were distributed among the other 178 countries, each representing less than 1% of total users. China, the country with the most users (642 million in 2014), represents nearly 22% of the total and has more users than the next three countries—United States, India, and Japan—combined. The growth of the e-commerce industry is not only indicative of the increasing openness of the public but has also brought to the front the issues that the legal system of the country has been faced with. The legal system has constantly tried to be updated especially with the enactment of IT Act to deal with lots of issues emerging from the use of the internet.

INTRODUCTION

The E-commerce Industry in India has come a long way since its early days. The market has matured and new players have entered the market space. In the present dynamic scenario, e-commerce market in the B2C space is growing in demand as

DOI: 10.4018/978-1-5225-3787-8.ch002

well as in the array of services. The transition to online purchasing from traditional purchasing is taking a long time in the Indian market. E commerce includes not only buying and selling goods over Internet, but also various business processes within individual organizations that support the goal. As with e-commerce, e-business (electronic business) also has a number of different definitions and is used in a number of different contexts.

Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact.”

A more complete definition is: E-commerce is the use of electronic communications and digital information processing technology in business transactions to create, transform, and redefine relationships for value creation between or among organizations, and between organizations and individuals.

For developing countries like India, e-commerce offers considerable opportunity. E-commerce in India is still in growing stage, but even the most-pessimistic projections indicate a boom. It is believed that low cost of personal computers, a growing installed base for Internet use, and an increasingly competitive Internet Service Provider (ISP) market will help fuel e-commerce growth in Asia’s second most populous nation. The first e-commerce site in India was rediff.com. It was one of the most trafficked portals for both Indian and non-residents Indians. It provided a wealth of Indian-related business news a reach engine, e-commerce and web solution services. In the recent past, there have been a rise in the number of companies enabling e-commerce technologies and the internet in India. Major Indian portal sites have also shifted towards e-commerce instead of depending on advertising revenues.

REVIEW OF LITERATURE

Wigand’s (1997) define it as, “Electronic commerce denotes the seamless application of information and communication technology from its points of origin to its endpoint along the entire value chain of business processes may be partial or complete and may encompass business-to business as well as business- to-consumer and consumer-to business transactions. E-commerce websites operating in India are required to follow many laws of India including the Information Technology Act, 2000 (IT Act 2000). As per the IT Act, 2000 these e-commerce websites operating in India are Internet intermediaries and they are required to comply with cyber law due diligence requirements as well. The legal requirements for undertaking e- commerce in India also involve compliance with other laws like contract law, Indian penal code, etc.

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