



Introduction to E-Commerce

Faculty of Law

Introduction to E-Commerce

- **Sharing business information, maintaining business relationships and conducting business transactions** using computers connected to telecommunication network is called **E-Commerce**.

- Modern electronic commerce typically uses the **World Wide Web**, although it may also use other technologies such as e-mail.

E-Commerce - Categories

Electronic Markets: Example: Airline Booking System

Electronic Data Interchange (EDI)

- It provides a standardized system
- Coding trade transactions
- Communicated from one computer to another without the need for printed orders and invoices & delays & errors in paper handling
- It is used by organizations that make a large no. of regular transactions.
- Example: EDI is used in the large market chains for transactions with their suppliers

E-Commerce - Disadvantages

- Expensive for small businesses
- Security of internet is not very good
- Privacy of e-transactions is not guaranteed
- E-commerce de-personalizes shopping
- Hackers attempting to steal customer information or disrupt the site
- A server containing customer information is stolen.

E-Commerce - Threats

- Steal customer money
- Downloading hidden active content that attacks the ecommerce system.
- A disaffected employee disrupting the ecommerce system.

Advantage

Ubiquity: Marketspace is created; shopping can take place anywhere. Customer convenience is enhanced, and shopping costs are reduced.

E-Commerce - Features

Global reach

The technology reaches Commerce is enabled across cultural and across national boundaries, around the earth. National boundaries seamlessly and without modification.

Universal standards

There is one set of technical media standards technology standards, namely Internet across the globe.

E-Commerce - Features

➤ Richness

Video, audio, and text marketing messages are possible. Integrated into a single marketing message and consuming experience.

➤ Interactivity

Dynamically adjusts the experience to the individual, and makes the consumer a co-participant in the process of delivering goods to the market.

E-Commerce - Features

➤ **Information density**

Information becomes plentiful, cheap, and accurate.

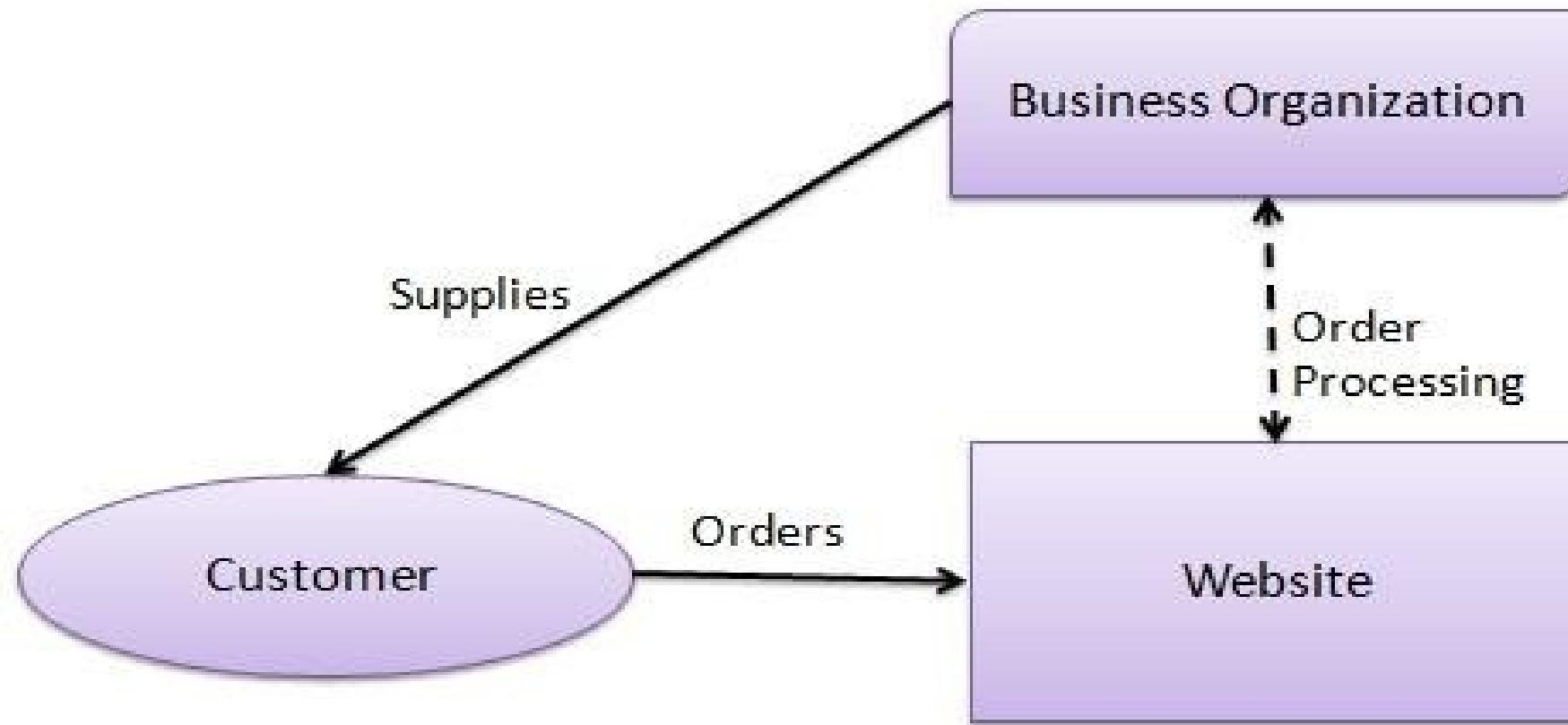
➤ **Personalization/Customization**

The Personalization of marketing messages and technology allows personalized messages to customization of products and services are be delivered to individuals as well as groups.

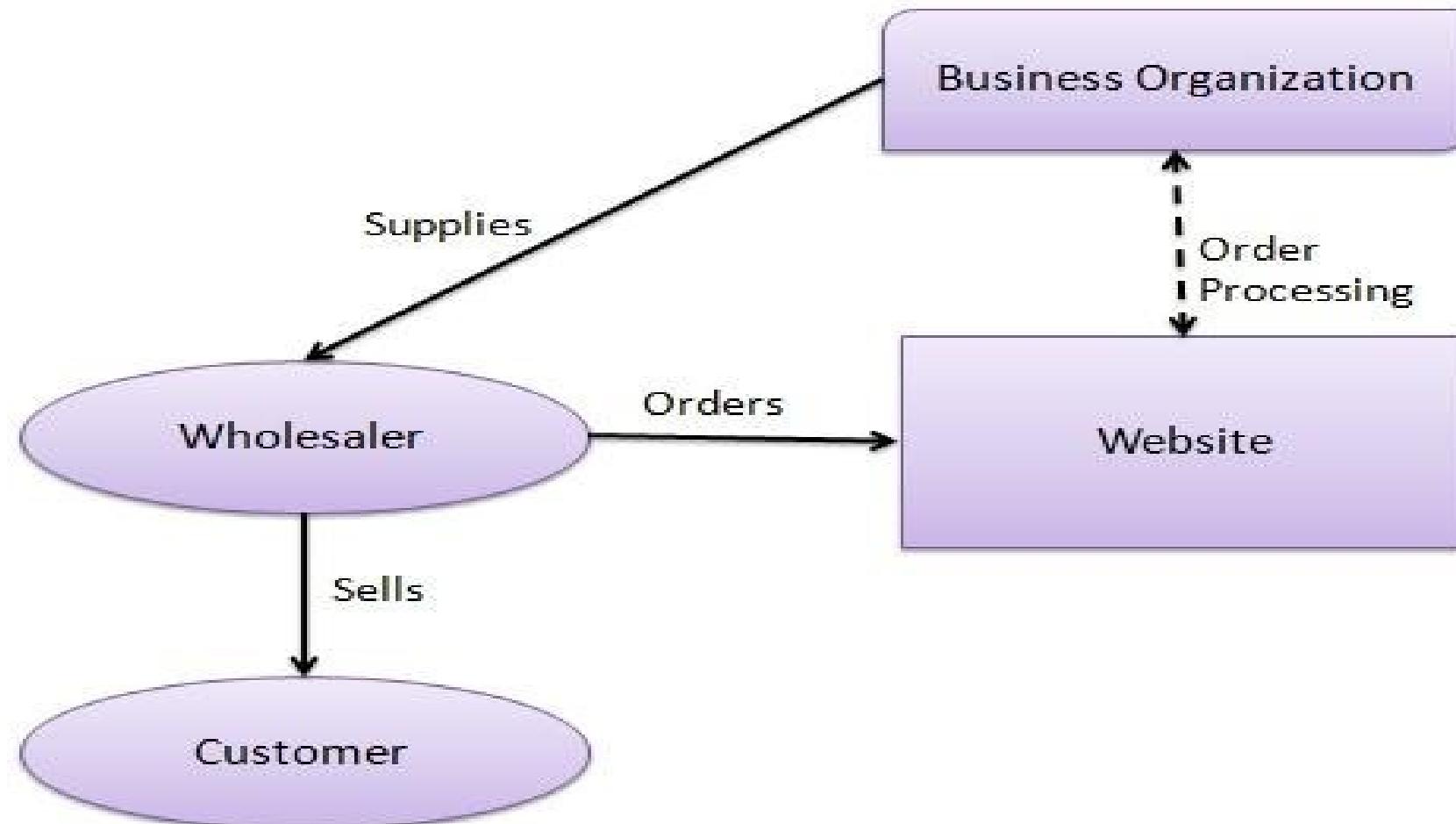
E-Commerce - Business models

- ❖ **Business-to-Consumer (B2C)**
- ❖ **Business-to-Business (B2B)**
- ❖ **Consumer-to-Business (C2B)**
- ❖ **Consumer-to-Consumer (C2C)**

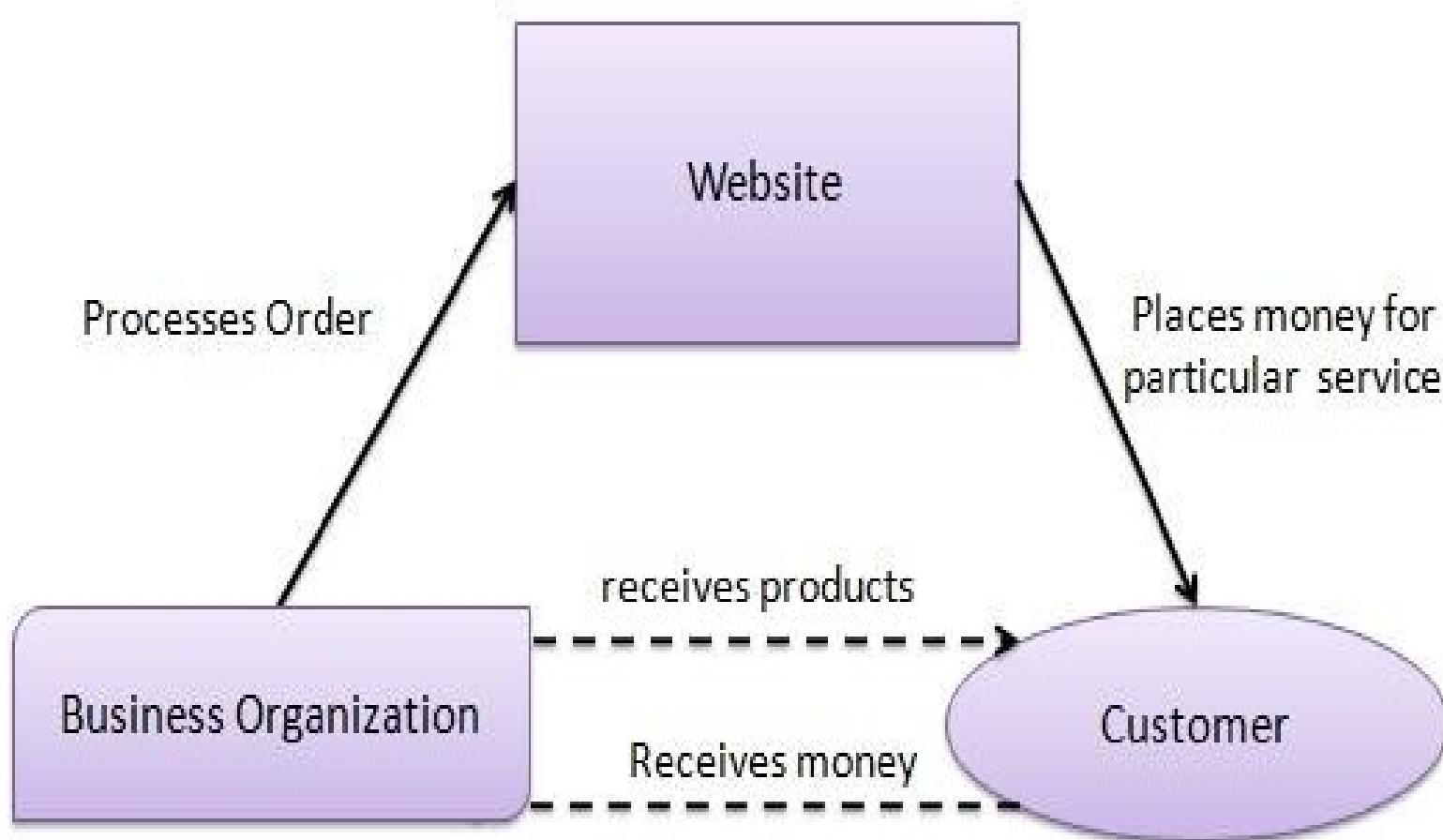
E-Commerce - Business models – Business to Consumer



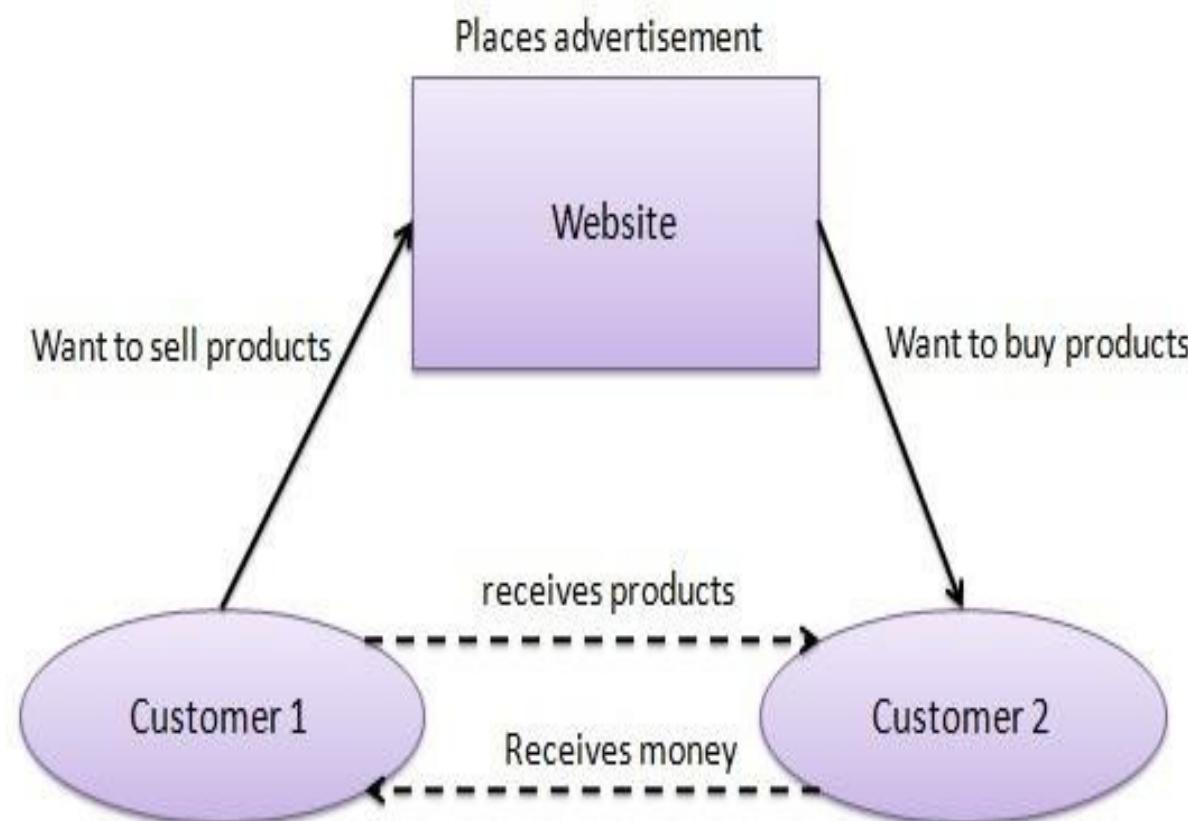
E-Commerce - Business models - Business to Business



E-Commerce - Business models – Consumer to Business



E-Commerce - Business models – Consumer to Consumer



E-Contracts

Indian Contract Act, 1872 governs all agreements and contracts, including online contracts. A contract is a legally binding agreement. The fundamental essentials of a valid contract are addressed in Section 10 of the Indian Contract Act:-

- Offer and acceptance.
- Mutual agreement .
- Legal relationship.
- Capacity of the parties.
- The purpose of the contact is legal and is not contrary to government policy.
- Consideration.
- Agreement should be capable of being performed.

Online Contract- Types

- **Shrink wrap** In the case of shrink-wrap agreements, the terms and conditions for access to such software products shall be enforced by the person buying it, with the initiation of the packaging of the software product.
- **Click-wrap** contracts are web-based contracts that require the user's consent or consent through the "I Accept," or "OK" button.
- **Browsing wrap** agreement can be called an agreement which is to be binding on two or more parties through the use of the website.

Online Contract- Formation

- **Email:** Offers or acceptances can be completely exchanged via e-mail, or combined with paper documents, faxes, and oral debates.
- **Website Forms:** A contract would also be valid for the terms of use of a website once the user accepts the contract by clicking “I Agree.”
- **EULA:** The End User License Agreements also form valid contracts in which end users click “I Accept” or “I Accept the Terms.”

E- Contract- Validity

- Under the provisions of the Information Technology Act, 2000 particularly Section 10-A, an electronic contract is valid and enforceable.
- The only essential requirement to validate an electronic contract is compliance with the necessary pre-requisites provided under the Indian Contract Act, 1872.

E- Contract- Remedies for Breach

The legal remedies for breach of contract are:

- (a) damages;
- (b) specific performance of the contract; and
- (c) injunction

Electronic signature – Sec 2(ta) IT, Act 2000

“Authentication of any electronic record by a subscriber by means of the electronic technique specified in the second schedule and includes digital signature.”

Digital signature certificate



Digital Signature Certificates are digital format certificate to prove identity in the digital world. The digital signature certificates are issued by Certifying Authorities under the authority of Controller of Certifying Authorities.

Public Key Infrastructure Certificates

- PKI certificates are documents that act as digital passports, assigned to any entity that wants to participate in a PKI-secured conversation.
- A certificate includes an attestation from a trusted source that the entity is who they claim to be. That trusted source is generally known as a **certificate authority (CA)**.

Public Key Infrastructure Certificates - Usage

- Providing a recovery key for an encrypted hard drive
- Securing internal communications with database servers
- Signing documents
- Secure messaging
- Email encryption

Regulations Governing E-Commerce

To effectively regulate e-commerce activities, there are three primary legislative areas that work together to create a comprehensive regulatory environment for online business operations and consumer protection.

1. Consumer Protection Act, 2019
2. Indian Contract Act, 1872
3. Information Technology Act, 2000

Regulations Governing E-Commerce

Consumer Protection Act 2019

Customer trust is one of the most crucial components of any internet business. Consumer rights in the digital sphere, realistic dispute resolution techniques, and transparency are all highlighted under the Consumer Protection Act, 2019. A number of rights are available to online shoppers that protect them throughout their online purchases. Some of them are:

Right to Information:

- Complete disclosure of product specifications, costs, and conditions of service
- Simple access to warranty data and return/repair guidelines.

Right to Safety

- Using robust cybersecurity procedures to safeguard the payment process.

Regulations Governing E-Commerce

Right to Redressal:

- Availability of prompt and efficient complaint resolution procedures.
- Legal support for consumer protection issues to address grievances.

Right to Privacy:

- Clear privacy rules and appropriate consent management procedures
- Handling customer information with safety and protecting personal data of the customer as well.

Right to Choice:

- The freedom to select from a variety of vendors without being taken advantage of.
- The availability of objective product comparisons and evaluations

Regulations Governing E-Commerce

Key Provisions of the Consumer Protection Act

The Consumer Protection Act is the primary legislation for protecting consumer rights in India, detailing the obligations of e-commerce businesses and the rights of consumers.

Regulatory Overview:

- Regulates how complaints about electronic transactions are handled in consumer forums.
- Encourages moral and appropriate corporate conduct.

Required Disclosures:

- Demands that product details, costs, and any conditions of sale be published in an understandable manner.
- Knowledgeable Customers – Prior to making a purchase, ensure that customers are aware of their rights.

Mechanisms for Compensation:

- Describes how to seek damages for faulty goods or services.
- Complies with consumer protection laws when it comes to dispute resolution procedures.

Regulations Governing E-Commerce

Enforcement Provisions:

- Establishes consumer forums and regulatory agencies in accordance with the Act
- Offers fines and punishments to companies that violate the law

Details of Digital Transactions:

- Deals with problems including data breaches, internet fraud, and deception.

Regulations Governing E-Commerce

The Consumer Protection (E-Commerce) Rules, 2020

The Consumer Protection (E-Commerce) Rules, 2020 were framed under the Consumer Protection Act, 2019, to regulate the operations of e-commerce entities and protect the interests of consumers transacting online. These rules establish a framework that emphasizes transparency, fairness, accountability, and efficient grievance redressal mechanisms across all types of e-commerce platforms.

Who They Apply To:

- These rules apply to all goods and services sold online, including digital products.
- They cover all types of e-commerce models, like marketplace and inventory models.
- They include all forms of online retail, whether it's a single brand or a multi-channel retailer.

Regulations Governing E-Commerce

Exemptions:

- The rules do not apply to individuals selling items occasionally for personal use, not as part of a business.
- They do apply to foreign e-commerce businesses that sell goods or services to consumers in India, even if they are not based in India.

Key Requirements:

- All e-commerce platforms (including foreign entities) must display company name, contact details, and address prominently
- Establish consumer grievance redressal mechanisms with appointed grievance officers
- Participate in National Consumer Helpline for complaint resolution

Regulations Governing E-Commerce

Prohibited Practices:

- Price manipulation and consumer discrimination
- Unilateral cancellation charges (unless applied equally to sellers)

Additional Obligations:

- Provide importer details for imported goods
- Ensure refunds comply with RBI guidelines
- Maintain fair trade practices across all transactions

Regulations Governing E-Commerce

Information Technology Act, 2000

- This act forms the foundation of India's cyber law framework, addressing various aspects of e-commerce.

What is IT Act, 2000?

- India's primary law for digital transactions and cyber security
- Governs electronic records, digital signatures, and online activities
- Provides legal framework for e-commerce operations

How IT Act Governs E-Commerce:

- Recognizes electronic documents as legally valid
- Validates digital signatures and electronic authentication
- Provides legal framework for online transactions
- Addresses cyber-crimes and data protection

Regulations Governing E-Commerce

Validity of Electronic Records Under IT Act

- Section 4: Electronic records have same legal validity as paper documents
- Section 5: Electronic signatures are legally recognized
- Section 6: Electronic records admissible as evidence in court
- Section 10A: Contracts cannot be denied validity just because they're electronic

What This Means:

- Online invoices are legally valid
- Digital receipts have legal standing
- Electronic agreements are enforceable
- E-commerce transactions are legally protected

Regulations Governing E-Commerce

Key Requirements for E-Commerce Under IT Act

- Proper electronic signature system
- Secure electronic record maintenance
- Data protection and privacy measures
- Cyber security protocols

IT Act in Daily E-Commerce

- Online payment processing
- Digital invoicing and receipts
- Electronic customer agreements
- Digital marketing communications

Regulations Governing E-Commerce

Common Applications:

- OTP-based authentication
- Digital payment gateways
- E-commerce platform operations
- Online customer service

Benefits:

- Legal certainty for digital transactions
- Reduced paperwork and costs
- Faster business processes
- Enhanced security measures

Regulations Governing E-Commerce

Indian Contract Act, 1872

- The Indian Contract Act, 1872, governs e-commerce contracts by laying out the fundamental principles of contract formation, validity, and enforceability, which are also applicable to online transactions. E-commerce contracts, like traditional ones, require elements like offer and acceptance, lawful consideration, free consent, and competent parties to be valid.

Key Aspects:

- Defines the essentials of a valid contract.
- Covers offer, acceptance, consideration, and other elements necessary for contract formation.
- Applies to both offline and online contracts.



THANK YOU