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## **STUDYING ABOUT CHALLENGES AND ISSUES IN E-COMMERCE BUSINESS**

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### **ABSTRACT**

The e-commerce industry in India has grown at a phenomenal CAGR of 34% from 2009 to 2015, and is projected to reach USD 8.5 billion in 2016, a CAGR of 63% from its 2015 level. One problem in this business, as in many others, is a lack of an effective legal and regulatory framework to protect the rights and duties of the parties to contracts. In June of 2000, India approved the Information Technology Act. More laws and regulations are needed to create an E-commerce ecosystem in India that is more user- and merchant-friendly. This paper's goal is to examine the present E-Commerce laws and regulations in India, to assess how effectively they deal with the legal issues brought up by E-Commerce, and to decide whether or not any changes are required.

**Keywords:** -E-Commerce, Business, Organization, Internet, Consumer.

### **I. INTRODUCTION**

Trading has come a long way from its humble beginnings. The Indian e-commerce industry has grown rapidly in recent years, yet it still faces significant obstacles. E-commerce derives from "electronic commerce," which refers to commercial transactions in which goods and services are bought and sold entirely online, without the need of paper paperwork. Business conducted through nonproprietary protocols created by an open standard establishing procedure, such as the Internet, is what the Organization for Economic Cooperation and Development (OECD) calls "e-commerce."

With the help of the internet, a vendor or merchant can sell his products or services directly to the customer, and the payment can be made through an electronic fund transfer system like a debit card, credit card, net banking, etc. This has led to a rapid rise in the popularity and acceptance of e-commerce around the world. As a result of these advantages, e-commerce is quickly replacing non-e-commerce transactions in a wide variety of industries, and its share of the overall trade and commercial transactions is growing in demand. All facets of commerce and customer service are beginning to use e-commerce.

As the Internet and other forms of electronic communication have become more widespread, a new area of law has developed to address the need for order and security in cyberspace. In 1996, the UN Commission on International Trade and Law (UNCITRAL) approved the first Model Law on Electronic Commerce (MLEC), which was later approved by the UN General Assembly. The primary goal of MLEC was to establish an international standard law pertaining to e-commerce and to make electronic



transactions equivalent to paper-based transactions in terms of assessing the rights and responsibilities of the transacting parties. India adopted the Information Technology Act, 2000 after agreeing to the Model Law. As a result, in 2008, India passed the Information Technology (Amendment) Act to implement the UNCITRAL legislation on electronic signatures (MLES, 2001).

## **II. E-Commerce**

E-commerce, sometimes known as "electronic commerce," is a commercial practice that uses the Internet and electronic transactions to meet the demands of today's buyers, sellers, and suppliers. The term "e-commerce" is used to describe the following methods of doing business without the use of paper.

- Electronic Data Exchange (EDI)
- Electronic Mail (e-mail)
- Electronic Bulletin Board
- Electronic Fund Transfer (EFT)
- Other Network-based technologies

The concept of e-commerce is all about using the internet to do business better and faster.

E-commerce, or electronic commerce, is the practice of purchasing and selling products and services through an electronic network such as the Internet without the physical exchange of documents.

To buy and sell goods and services through the Internet is an example of electronic commerce, often known as e-commerce. Additionally, it applies to "any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact."

## **III. E-COMMERCE – FEATURES**

Buying and selling products or services using digital networks like the Internet or mobile apps is known as "e-commerce" or "e-Shopping." It may also mean the activities involved in producing, promoting, maintaining, and compensating for such services and products. Electronic commerce is open to everyone, including businesses, governments, and the general public. The following discussion will help to highlight the special qualities of online business. E-commerce technology's distinctive qualities consist of:

### **Ubiquity:**

Using the internet and Wi-Fi hotspots, e-commerce may be accessed anywhere, anytime, including airports, coffee shops, and even hill station locations. The Internet may be accessed from anywhere, including homes, businesses, gaming consoles with an Internet connection, and mobile phones. Electronic commerce (E-Commerce) is a widely accessible technology. Internet may also be accessed without a Wi-Fi connection for those who have data-capable mobile phones.

### **Global reach:**



The potential market is generally proportional to the number of people who have access to the internet worldwide. The global reach of E-Commerce Technology is unhindered by the usual barriers of language and geography. The capacity to translate multilingual websites is a key feature of e-commerce websites, which attract customers from all over the globe.

#### **Universal standards:**

Every country adheres to the same set of technical standards for the Internet. All aspects of the internet culture are flourishing and increasing in scope. The Internet and other forms of communication software are essential to the growth of any organization, since they facilitate the establishment of warmer, more fruitful commercial relationships.

#### **Richness:**

Information may be sent and received through text messages, as well as via visual and audio components. If a company's blog post promotes a product with a video, and the post also includes links to see or buy the product, as well as send information about the post through text message or email, the reader may perceive this as "information richness."

#### **Interactivity:**

Thanks to advancements in e-commerce technology, businesses and customers may now interact in a two-way dialogue. Therefore, e-Commerce tools may be personalized for each user. When making a purchase online, a customer may, for instance, see the goods from various perspectives, put it in a virtual shopping cart, and then finish the transaction by entering his payment information.

#### **Personalization:**

E-commerce technology has made it possible to target certain demographics with very specific marketing messages. A user's search history may be used to provide suggestions depending on the individual's level of interest in a certain subject.

### **IV. Legal Issues and Challenges of E-commerce**

Disputes are commonplace in every business partnership. Contractual and extracontractual problems, such as those involving intellectual property rights, data privacy, and unfair business practices, may all lead to disagreements during and after talks. While disputes in the business-to-consumer (B2C) sector often involve lower dollar amounts, the complexity of issues like jurisdiction, choice of law, and cross-border litigation make resolution difficult for the average consumer. In the following sections, we will examine many critical legal concerns that arise in the context of electronic commerce:

#### **Issues of Validity of the E-Contracts**



The Indian Contract Act, 1887 shall apply to all electronic contracts. An implicit contract is formed between the buyer and the seller upon acceptance of the terms and conditions prior to any online transaction. A 'click-wrap' agreement is a legally binding agreement that is generated when a user selects the 'I accept' button on a website. The act of just viewing a website, known as "browse-wrap," is legally recognized as creating an implied contract. As a result, an online purchase would be subject to the same rules as any other contract. The Contract Act specifies the conditions that must be met before a contract may be considered legally binding. The most crucial elements of a legitimate contract—the parties' intent to create a legal relationship, the parties' legal capacity to enter into a contract, and the parties' voluntary assent to enter into the contract—are all vulnerable to being undermined in an e-commerce deal. The parties' ages, mental capacities, and physical abilities all play a role in determining whether or not a contract may be legally formed. Once again, in order for the parties' consent to be considered "free," it cannot have been influenced in any way by deception, error, or other similar methods. No matter if a contract is entered into using "clickwrap" or "shrinkwrap" agreements or any method approved by the IT Act, its terms and conditions must remain compliant with the Indian Contract Act. However, in the event of a dispute, all of these clauses in an e-commerce contract become relevant. Problems unique to online transactions have the potential to render electronic contracts null and invalid from the start and hence unenforceable in court. In addition, the absence of discussion in an electronic contract may be seen as unfair.

### **Issues of Jurisdiction in Disputes**

Taking orders online, scheduling shipments, and accepting online payments are the three pillars around which an online company is built. Such transactions need prompt attention in the event of a malfunction, since the repercussions might be permanent otherwise. Dispute resolution in the business-to-consumer sector is notoriously difficult. Disputes are often resolved on the ground at the location of one or both parties. In this respect, several national authorities use different principles. At first, internet connectivity by a court alone was enough for a court in one country to assert its jurisdiction over a transaction that occurred in another country.

### **Issues Relating to Privacy**

Personal information, such as name, address, and payment details, is often required in order to make an online purchase in an e-commerce setting. E-commerce systems may not only capture customers' direct input, but also their preferences, search histories, and other indirect data that might be quite useful.

An individual's privacy is considered to have been breached and a penalty of up to three years in prison and/or a fine of up to two million Indian rupees (INR) is prescribed by the Information Technology Act if an image of that individual's private body areas is captured, published, or transmitted without her consent under circumstances where she would have had a reasonable expectation of privacy.

### **Issues of Intellectual Property Rights**



Intellectual Property concern is one of the foremost considerations for any company entering into business including e-commerce transactions. The internet is a boundless with minimum regulation and therefore the protection of intellectual property rights (IPR) is a challenge and a growing concern amongst most e-businesses. India has well-defined legal and regulatory framework for the protection of IPRs in the physical world. But, the efficacy of these laws to safeguard the rights in and out of an e-commerce transaction is not simple.

## V. CONCLUSION

E-commerce in India needs a strong legal framework, which is why it has to be regulated and improved rapidly to keep up with the industry's explosive expansion. A consumer-friendly and business-confident e-commerce environment in India has long been a source of contention, with critics pointing to what they see as the country's lax cyber security laws and the lack of a proper e-commerce regulatory framework. The Information Technology Act is the only piece of legislation in India that specifically addresses the regulation of e-commerce. Therefore, the government should create a legislative framework for e-commerce to ensure that local and international trade in India thrive while protecting fundamental rights like privacy, intellectual property, fraud prevention, consumer protection, etc. In order for the rapidly developing business module to comply with current laws generally applied to business transactions in traditional modules, the legal community in India must have the requisite knowledge to educate businesses, customers, and even judges.

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