Legal Issues &challenges related to E-commerce and Digital transaction

BY:

SAJAL UPADHYAY [1].

""It would be a pity if regulatory haze and maze brings this emerging vibrant business (e-commerce) and social ecosystem to atrophy…" " **(Wangari Maathai)**

Abstract

India's retail market, valued at $600 billion, offers significant potential for e-commerce, which currently accounts for only 5% of the market. In contrast, e-commerce in the US makes up 15% of its retail market, highlighting considerable growth opportunities in India. Despite efforts like 'Digital India' and affordable smartphones, large parts of the population remain offline. India's internet user base is projected to grow from 665 million in 2015 to 829 million by 2021, but e-commerce penetration remains low, with just 50 million online shoppers and only 20 million active monthly buyers.

To realize its full potential in the global e-commerce landscape, India needs a collaborative effort between the government and private sector. Establishing a comprehensive e-commerce framework that ensures strong governance while catering to the diverse needs of the population is essential. Additionally, significant investments in physical and digital infrastructure are required to manage the growing daily transaction volume.

The Indian e-commerce sector has been growing rapidly, with a Compounded Annual Growth Rate (CAGR) of 34% since 2009. By 2016, it was expected to grow at a CAGR of 63%, reaching USD 8.5 billion. However, the legal and regulatory framework is a significant challenge. The Information Technology Act of 2000 provides some groundwork, but more robust regulations are needed to ensure fairness and protect consumer rights in online transactions.

Currently, around 70% of e-commerce users are men, with an average age of 25. To expand the market, the sector must diversify its consumer base. Addressing these challenges, including improving regulations and infrastructure, can help India unlock the full potential of its e-commerce market and create a more inclusive and consumer-friendly ecosystem

KEYWORDS ; E-COMMERCE ,INDIA,UPI, CACR ,MARKET DIGITAL INDIA ,IT ACT

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[1] AUTHOR, INDORE INSTITUTE OF LAW

Introduction

Over the past two decades, the spread of the internet and mobile phones have changed the way we communicate and do business. E-commerce is a relatively new concept. Nowadays, it relies heavily on the internet and mobile revolution to fundamentally change the way businesses reach customers. This includes all business conducted over computer networks. The development of telecommunications and information technology in recent years has made computer networks an important part of the infrastructure of the economy. More and more companies are making it easy to do business online. There has been a huge race to target every computer owner with an internet connection.

For developing countries like India, e-commerce offers significant opportunities. Online shopping in India is still in its infancy, but even the most pessimistic forecasts point to growth. The cheap price of personal computers, a growing installed base of Internet access and an increasingly tight Internet service provider (ISP) market are expected to drive growth in e-commerce in Asia's second largest country. India's middle class of 288 million people is equivalent to the entire consumer population of the United States. This makes India a very attractive market for e-commerce. The rapid popularity and adoption of e-commerce around the world is driven by the increased choice of customers and the improved convenience of doing business over the Internet, where a seller or merchant can sell their products or services directly to the customer and get paid. made electronic money transfer system with debit card, credit card or internet bank etc. Due to this convenience and ease of doing business in the e-commerce and its share in all trade and commerce, the demand is growing and expanding very fast replacing non-e-commerce transactions in so many areas. E-commerce can already be seen in all areas of business and customer service. With the increased use of information and communication technology (ICT), a new branch of law, known as cyber law or cyberspace law or information technology law or Internet law, has emerged to regulate law and order in cyberspace. In 1996, the UN Commission on International Trade and Law (UNCITRAL) first adopted the Model Law on Electronic Commerce (MLEC), which was later adopted by the UN General Assembly. The main problem in developing economies like India is that due to the completely different economic and technological structure, it is very difficult to properly implement and reproduce such "high-tech" legislation according to the model law. Although the parliament performs the task of enacting the law, it is difficult to implement and enforce it in the Indian scenario. Thus, a critical analysis of existing laws and regulations shows that many legal issues such as jurisdiction, taxation, intellectual property rights and domain names remain intact in e-commerce. We need more regulations to make e-commerce fairer and create a more consumer-friendly e-commerce environment in India. The main reasons behind India's underperformance are market inefficiency and underdevelopment. This is most evident in the Return on Delivery (RTO) across India, especially when it comes to COD orders. Currently COD levels are almost 90% in Tier 3 and Tier 4 cities, while it is 50% in metropolitan cities. Cash on delivery (COD) evolved out of the lower penetration of credit cards in India. Most of the e-commerce companies in India offer COD as one of the payment methods to the buyers. 30-50% of buyers also use this payment method when buying any product or service over the Internet. COD was launched to combat payment security issues in online shopping, but the regime has proven to be unprofitable and costly for businesses. It can be seen that the majority of customers refused to pay at the time of delivery of the goods. Therefore, companies lose sales and delivery of products. To curb the COD problem, online businesses must take legal action; otherwise, the basic logic of e-commerce is at risk. The purpose of the study is to describe the current laws and regulations related to e-commerce and to examine the challenges and opportunities of e-commerce in the current Indian legal system. The paper also seeks to find the effectiveness of existing laws and regulations in dealing with e-commerce legal issues in the current legal system and suggest improvements needed to create a better legal and regulatory framework to ensure fair, equitable and consumer protection. -friendly e-commerce environment in India.

LITERATURE REVIEW

An attempt has been made to present a brief literature review based on some relevant studies conducted worldwide in the field of electronic commerce. Author SAJAL UPADHYAY in his research "Legal Challenges Related to E-commerce and Digital Commerce" came to the conclusion that with the development of information technology, the web has become a means of communication in the online world. Electronic commerce creates new opportunities for business; it also creates new opportunities for education and academics. There seems to be huge potential in providing e-commerce training.

Andrew D. Mitchell (2001) explored the key issues of electronic commerce in global trade using the General Agreement on Trade in Services (GATS), the World Trade Organization (WTO) agreement most relevant to electronic commerce, as a starting point. Elizabeth Goldsmith and Sue L.T. McGregor (2000) analyzes the impact of electronic commerce on consumers, public policy, business and education. Young Jun Choi1, Chung Suk Suh (2005) investigated the effect of the loss of geographical distance caused by electronic fairs on market equilibrium. and social welfare. Neeraj Dubey (2014) investigated that e-commerce operators should ensure reasonable measures to prevent unauthorized transactions. The online store is still in its infancy, but growth has been exemplary. It is important for e-commerce operators to develop their skills by training employees and alerting them to various risks,

E-Commerce Legislation in India

- **The Information Technology Act, 2000**

The first e-commerce law of the Government of India was the Information Technology (IT) Act, 2000. It was an act implementing the 1996 UNCITRAL Model Law on Electronic Commerce. On January 30, 1997, the United Nations General Assembly passed a resolution recognizing the Model Law on Electronic Commerce for its approval by member states as a model. Law when they implement or revise their laws, taking into account the need to harmonize the law applicable to alternatives to paper-based communication and data storage methods.

The main purpose of the Information Technology Act was to give legal recognition to transactions made through electronic data transmission and other electronic means of communication, often referred to as electronic commerce (e-commerce). The IT Act, 2000 facilitates e-commerce and e-governance in the country. It contains provisions on the legal recognition of electronic records and digital signature rules on the issuance, recognition and manner of electronic documents, as well as determining the time and place of sending and receiving electronic documents. The law also creates a regulatory framework and punishment systems for various cybercriminals and crimes. It is significant that, according to the law, the certification body is the center around which this law revolves, because most of the provisions are related to the regulation of certificates, that is, the appointment of the supervisor of the certificate, the granting of an activity license . for witnesses, recognition of foreign witnesses and their duties. of subscribers of digital signature certificates. It also criminalized crimes such as hacking, tampering with computer source code, publishing obscene information in electronic form, violating confidentiality and privacy, and providing and using fraudulent digital signatures. It further provides for civil liability ie. penalties for cybercrimes and criminal offences, creation of judges and cyber regulatory appeals courts. The provisions relating to the Indian Panels Code (1860), the Indian Evidence Act (1872), the Bank Book Evidence Act, 1891 and the Reserve Bank of India Act, 1934 were amended to deal with electronic commerce, electronic crime and evidence and to allow further regulation of electronic money transfers.

- **The Information Technology (Amendment) Act, 2008**

India incorporated the Information Technology (Amendment) Act, 2008 to implement the UNCITRAL Model Law on Electronic Signatures, 2001 in India. The IT Act, 2000 was amended to replace restrictive digital signatures with technology-neutral and recognized electronic signatures. The law brought many changes, such as introducing the concept of an electronic signature, changing the definition of an intermediary, etc. In addition, the state has taken special powers to monitor websites on the one hand to protect privacy and control possible abuse and tax evasion on the other. It is important to note that this act recognized the legal validity and enforceability of digital signature and electronic documents for the first time in India and also highlighted secure digital signatures and secure electronic documents. These changes were intended to reduce electronic counterfeiting and facilitate electronic commerce.

Legal issues and challenges of e-commerce system in India.

Disputes are very common in business relationships between parties. Disagreements may arise from contractual terms and negotiations, both within and outside the terms of the contract, which may be contractual or non-contractual in nature, such as copyright, data protection and competition issues. Controversies surround the B2C segment, although small in financial terms; but they involve issues such as jurisdiction over disputes, choice of law and cross-border litigation that are not practically possible for the average customer.

LEGAL ISSUES

Below we can discuss various legal issues that make doing business in the online environment difficult and possible solutions to these problems:

I. Issues related to the validity of electronic contracts

All electronic contracts concluded online are governed by the "Indian Contract Act, 1887" which states that a valid contract should have been entered into by free consent and for lawful consideration between two adults. Section 10A of the Information Technology Act 2000 ("IT Act") applies to electronic contracts. Thus, to understand and legalize e-contracts, both the ICA and the IT Act must be read together. In addition, § 3 of the Law on Submission of Evidence states that evidence can be in electronic form. Trimex International FZE Ltd Supreme Court. Dubai vs. Vedanta Aluminum Ltd. The court found that email correspondence between the parties regarding mutual obligations constituted a contract. Accepting the Terms and Conditions before making an online purchase creates an implied contract between the buyer and the seller. These are called "click deals", ie. agreements that are created by clicking on the "I agree" tab. "Browsing" is also a recognized form of implied contract created simply by browsing the website. Therefore, all principles of contract law would apply to e-commerce. All terms of a valid contract must be fulfilled in accordance with the Contract Law. The intention of the legal relationship, the will of the parties to conclude the contract, the free consent of the parties are the most important aspects of a valid contract, which can be captured very easily in an electronic purchase contract. Contractual capacity is the age, sanity of the parties to the contract, etc. Voluntary consent again means that it is not possible to obtain the consent of the parties through fraud, misrepresentation, mistake, etc. The terms and conditions relating to e-contract must be in accordance with the Indian Contract Act irrespective of the form of "click pack" or "shrink wrap" contract to enter into the contract or any other form recognized under the IT Act. But all these aspects of an e-commerce contract only come into play when there is a dispute. Certain problems arising from online shopping can invalidate an electronic contract, making the contract inadmissible as evidence in court. In addition, an electronic contract can be considered unreasonable in itself because it does not include the possibility of negotiation. Here the question arises whether such standard contracts are to be considered unreasonable and whether they can be annulled by the court. American courts have not shied away from finding such standard contracts unconscionable, allowing them to be rejected based on the facts and circumstances of the cases. There does not appear to be a well-developed jurisprudence in India on whether standard online contracts are unfair. However, certain provisions of the Indian Contract Act apply to vexatious contracts, such as when the consideration contained in the contract or the object of the contract is contrary to public policy. As a result, India's e-commerce legislation offers little guidance on these important issues.

II. Issues related to Jurisdictional disputes

The basic elements of e-commerce are registering orders, arranging delivery and accepting electronic payments. If and when such issues arise with such transactions, the backflow may be irreversible and must be dealt with appropriately. Dispute resolution in the B2C segment is particularly difficult. Disputes are traditionally settled in the physical area where one or both parties to the dispute are located. Different national jurisdictions apply different principles in this regard. Initially, the courts of various countries began to use the Internet only to use it as a sufficient basis to take jurisdiction in Internet matters. US courts have emphasized the fact that foreign court rulings against a legal entity of another country are not automatically enforced in the country of origin, but require review in the court of the country of origin, based on its laws and constitution. Courts have established a parameter for determining jurisdiction based on the interaction and commercial nature of communications on a website in a particular jurisdiction, and classify website activity into three areas:

Fully interactive websites where users buy goods or services, exchange information or files or enter into contracts; Completely passive websites where information is visible to people; and websites with limited communication.

Courts are likely to assume full jurisdiction over an out-of-state operator of an interactive website, unless the operator prohibited or intended in-state sales. Completely inactive websites are unlikely to be subject to jurisdiction because they operate out of state.

Indian jurisprudence on e-commerce jurisdiction and enforcement continues to emerge. In general, many local statutes provide for "long-range jurisdiction", whereby the operation of such local laws is extraterritorially applicable when an act or omission caused an illegal or harmful effect within the national territory. The IT Act from its section 75 extends to the whole of India, so that it applies to any offense committed by any person outside India and the Act applies to any crime or offenses committed by any person outside India. person if the act or conduct of the offense or offense involves a computer, computer system or computer network located in India.

Section 3 of the Indian Penal Code (IPC) 1869 provides that any person who is liable under any law of India for an offense committed outside India shall be dealt with in accordance with the provisions of the IPC for any act other than that committed. in India in the same manner as if such action had been taken in India. So it seems that there is not much jurisprudence in India on jurisdiction in e-commerce cases

III. issues related to Privacy

It is almost difficult for any e-commerce company to conduct an online transaction without collecting personal information about users, such as information about their identity and financial information. In addition to the primary data collected from users, e-commerce platforms can also collect many other indirect but very valuable data such as personal choices and preferences of users and search patterns, etc. The Information Technology Law deals with the concept of violation of privacy in a limited sense; it provides that the privacy of a person is violated if photos of his private parts are taken, published or transmitted without his consent in circumstances where he would have a reasonable expectation of privacy10 and provides up to 3 years and/or a fine of up to. 2 lakh INR.

However, the notification under section 43A of the Information Technology Act is made primarily for the protection of personal data and sensitive personal data. Personal data refers to a person's identity and sensitive personal data is password data; bank account or credit card or debit card or other payment information etc. The notification presents the obligations related to the protection of privacy in relation to the penalty under the IT Law in relation to personal data and sensitive personal data, in addition to the fact that entities are responsible for financial compensation. E-retail companies and organizations therefore require foolproof tools and arrangements to comply with the law. They and their colleagues' servers must protect their systems from unauthorized intrusions, both internally and externally.

IV. Issues of Intellectual property Right

The concern for intellectual property rights is one of the most important considerations for any company starting a business, including e-commerce. The Internet is limitless with minimal regulation, and therefore protecting intellectual property rights is a challenge and a growing concern for most e-businesses. India has a well-defined legal and regulatory framework to protect intellectual property rights in the physical world. But the effectiveness of these laws in protecting e-commerce rights is not straightforward.

Indian law is also silent on another important domain name dispute. A company starting an e-commerce business must first register a domain name. A domain name is simply an address on the Internet. In more technical terms, a domain name is an easily recognizable and memorable name for an Internet Protocol resource. Domain names are usually covered by trademark law. The domain name registry does not register two identical domain names, but can register a similar domain name. This leads to a situation where a third party can fraudulently register similar domains. There is no specific law on domain names in India other than court decisions that have reiterated the legal principles that domain names are valuable and entitled to trademark protection. Domain names have trademark protection and confusingly similar domains can cause disputes. In Satyam Infoway Ltd v. Sifynet Solutions Pvt Ltd The Supreme Court found that "the domain name can be associated with the provision of services specified in § 2 point z of the Trademark Law".

V. Issues related to data protection:

The security of information provided during online shopping is a major concern. Under Section 43A of the Information Technology Act, the "Health Practices and Procedures and Sensitive Personal Data or Information Rules, 2011" was proposed to create a data protection framework in India. Personal data can be personal data, which is defined as "all data of a natural person that, either directly or indirectly, together with other data available or likely to be available in the community, allows that person to be identified".

The date can also be sensitive, and sensitive personal information includes passwords, financial information, physical, physiological and mental health conditions, sexual orientation, medical information and history and biometric information. The party collecting the data must have a data protection policy, must always obtain consent from the provider of sensitive data and follow acceptable security practices and procedures. Providers of online goods/services must monitor unauthorized use of personal data and misuse of such personal data.

Interface with payment gateways is another challenge in online stores. In 1995, EFT was introduced, a retail money transfer system that allows customers to transfer money from account to account and from region to region without physically moving instruments. Banks have been allowed to provide internet banking services as per the government approved internet banking policy without prior approval of RBI. In March 2004, RBI launched RTGS, which enabled real-time and clean settlement of transactions, as a step towards risk management in large payment systems. RTGS system is managed by RBI. In 2005, NEFT, a more secure nationwide retail electronic payment system, was launched to facilitate the transfer of funds by bank customers between networked bank branches in the country. The enactment of the Payment and Settlement Systems Act, 2007 empowered the RBI to regulate and supervise the payment and settlement systems of the country, to authorize the establishment/continuation of such systems and to require information and issue directions to the payment system/s. suppliers The Information Technology Act gave legal recognition to transactions made using electronic data transmission and other electronic means of communication, generally "electronic commerce", which use alternatives to paper communication and data storage.

Some of the secure e-commerce initiatives undertaken so far include:

- The IT (Amendment) Act 2008, RBI Guidelines on Mobile Banking and Prepaid Debit Cards, Internet Banking Guidelines and Mobile Banking Guidelines.
- Basically, the IT Act laid the groundwork for strengthening cyber security and data protection in India by adding Section 43A, which requires an agency to adopt "acceptable security practices" to protect "reasonable personal information".
- The IT Act formally introduces the concept of data protection in Indian law, introduces the concept of "sensitive personal data" and imposes an obligation on the company to preserve and protect such sensitive personal data.
- It also includes civil and criminal liability for failure to protect personal data.

In addition, the RBI required a system that provides additional authentication based on encrypted information on cards that are not visible in all online transactions. Banks must also implement alert systems to monitor online activity

VI Issues Related to effective supply system and effective supply chain and service management:

In e-commerce, it is important to always consider consumer protection issues. The Consumer Protection Act (CPA) 1986 regulates the relationship between consumers and suppliers of goods and services and there are no specific provisions for online shopping. The liability of the goods/service provider arises when there is a "deficiency in service" or "deficiency in goods" or "unfair trade practice".

CPA does not cover all free services. So if only actual sales take place in online media, users are considered consumers according to CPA. Goods/service providers may be required to remove defects/deficiencies, exchange goods, refund the price already paid, replace and cease inappropriate business practices or restrictive business practices and repeat them.

VII. Advertising:

Advertising is an important and legitimate way for a seller to generate interest in their products. For a long time, advertisements were regulated by the courts, the government, the courts or the police, depending on the nature of each case. In addition, the lack of a single general legislation created a lot of confusion as to the appropriate code to be followed by the industry and the authorities that regulate or manage the advertising model. In 1985, the Advertising Standards Council of India (ASCI), a non-statutory tribunal, was established to create a self-regulatory mechanism to ensure ethical advertising practices. ASCI dealt with and rejected complaints in accordance with its advertising policy (ASCI Code). However, in certain cases, the courts set aside ASCI's orders because, as a voluntary association, ASCI was found to have usurped the jurisdiction of the courts when it issued orders against non-members. Gradually, the ASCI code gained immense recognition in the advertising industry. Advertisers gradually accepted ASCI's warnings about misleading ads to advertisers, and ads stopped working or were significantly modified to conform to ASCI codes. Advertisements must make true and honest representations and avoid false and misleading statements, must not offend public decency or morality, must not advertise products that are dangerous or harmful to society or individuals, especially minors, adhere to consumer protection of fair competition. and to prevent indecent or harmful publication and inappropriate representation of women.

VIII. Competitive:

The online store has already created intense competition with constantly growing players and the acquisition of several old players in the market, and enabled the development of new services, new distribution channels and business efficiency. The creation of e-hubs with a significant market share may raise certain competition concerns if they appear to have sustainable market power due to network effects and/or strategic initiatives to preserve or maintain their market power. Potential problems for e-commerce operators include price fixing or tacit collusion or anti-competitive discrimination or denial of access to third parties. E-commerce operators must refrain from collusion and excessive pricing. The parties' choices to use the same online platform for different types of products/services may lead to different intermediaries, which may lead to collusion. Market transparency should be encouraged.

CHALLENGES OF E-COMMERCE

Running a successful business can be very rewarding, but also challenging. Even if you sell a great product, it can be difficult to get the word out about your business if you don't have a well thought out website or marketing strategy. The biggest challenges of e-commerce are discussed below:

1. Indian customers return a large number of online purchases

E-commerce in India has many first-time buyers. This means that they have not yet decided what they want from e-commerce sites. As a result, buyers sometimes fall prey to the hard sell. But when the product is actually delivered, they show remorse and return the item. While consumer regret is a global problem, it is even more common in a country like India, where much of the growth comes from new buyers. Returns are expensive for e-commerce businesses because reverse logistics present unique challenges. In cross-border e-commerce, it becomes even more difficult.

2. The preferred payment method is cash on delivery

Low credit card penetration and lack of trust in online transactions has led to cash being the most popular mode of payment in India. Unlike electronic payments, manual fundraising is labor intensive, risky and expensive

3. Payment gateways have a high failure rate

As if the preference for cash wasn't bad enough, payment gateways in India have an unusually high failure rate by global standards. E-commerce companies using Indian payment gateways are losing business because many customers do not try to pay again after a failed transaction.

4. Internet penetration is low

Internet penetration in India is still a fraction of what you find in many western countries. In addition, the quality of connections is poor in several places. But both problems disappear quickly. The day will not be far when connectivity issues will not be on the list of challenges facing e-commerce in India.

5. Feature phones still rule.

Although the total number of mobile phone users in India is very high, a significant majority still use feature phones rather than smartphones. For practical reasons, this consumer group therefore cannot shop online during the trip. While the scale is still a few years away from tipping towards smartphones, the rapid downward spiral in entry-level smartphone prices is an encouraging sign. I expect to see new smartphones launched in India in the $30-$40 range in the next few quarters. This should accelerate the growth of mobile phone ownership.

6. Postal addresses are not standardized.

If you place an online order in India, you will probably get a call from the logistics company asking for your exact location. Your address is clearly insufficient. This is because the spelling of postal addresses is somewhat standardized. The last mile issues add to the logistical challenges of online shopping.

7. Logistics is a problem in thousands of Indian cities.

India's logistics problem is not just a lack of standardization of postal addresses. Due to the large size of the country, there are thousands of cities that are not easily accessible. Large cities and other large urban centers have a fairly strong logistics infrastructure. But since the real charm of the Indian market lies in its large population, the lack of seamless access to a significant portion of potential customers makes it difficult. Compounding the logistical problem is the fact that cash is the most popular mode of payment in India. International logistics service providers, private Indian companies and national postal services are making great efforts to solve the logistics problem. If someone could turn the magnitude of the problem into an opportunity, we may soon hear about a major success story in the Indian logistics industry.

8. An overfunded competitor raises the cost of customer acquisition.

The vibrancy of India's startup ecosystem over the past few years has driven a lot of investment into the electronics sector. The long-term future prospects are so exciting that some investors are willing to spend exorbitant amounts to gain market share today. The Indian consumer naturally lacks abundance. However, this trend has reversed as investors worry about further sliding down the slippery slope and I expect 2014 to be more sane.

Remedial measures to address these challenges and PROBLEMS IN INDIA

Electronic commerce and new age technology

The introduction of new-age logistics partners and the emergence of technologies such as artificial intelligence (AI) and machine learning (ML) offer a solution to these problems, allowing e-commerce companies to lower RTO rates and serve customers with confidence across the country. . . Much of this challenge has also been taken up by a select group of startups, all using a myriad of technologies to optimize the efficient operation of the system.

In recent past years, these efforts have begun to bear fruit, with venture capital firms lending their money and faith to the pioneers. In the last five months of 2015, the logistics sector has already seen a capital infusion of $6.25 billion. This is more than six times the amount raised last year. However, solving the sector's many problems requires cooperation between all interest groups: the state, businesses and private individuals. Only then will India's full potential as an e-commerce destination be realized.

Despite the opportunities, hype and hype, e-commerce also carries the meaning of challenges. That's why we list the biggest e-commerce challenges for small businesses and also provide corrective measures to address these challenges.

1. Infrastructure matters:

The Internet is the backbone of e-commerce. Unfortunately, internet penetration in India is still woefully low at 0.5 percent of the population, compared to 50 percent in Singapore. Similarly, personal computer (PC) penetration in India is only 3.5 per million of the population, 6 per million in China and 500 per million in the United States. You can still access the Internet through phone lines with computers. With only 2.1 percent of the population owning phones, e-commerce is still far from the average person. E-commerce is struggling to reach 1000 million people in 37 million homes in 6,04,374 even villages and 5,000 cities. Moreover, the prices of both computers and internet connection in India are quite high.

2. Lack of absence in Cyber Laws:

Another major challenge associated with e-commerce is the near absence of cyber laws governing online commerce. The WTO is expected to enact cyber laws soon. The Information Technology (IT) Act of India, passed by the Parliament of India on May 17, 2000, intends to legislate to address the growing areas of electronic commerce. The bill also aims to facilitate electronic commerce by removing legal uncertainty arising from the new technology. In its current form, the bill applies only to the areas of commercial and criminal law. However, issues such as individual property rights, privacy content regulation and data protection legislation are not addressed.

3. Data protection and security issues:

Currently, privacy and security are quite vulnerable issues related to e-commerce. To date, neither the site nor external watchdogs have any protection against privacy abuses.

4. Payment and tax issues:

Payment and tax related issues are another problem that constantly beckons online sellers. Electronic payment is done through credit card or plastic money, which however has not gained popularity in India so far mainly due to two reasons.

First, credit card penetration in India is very low (2 percent of the population).

Second, Indian customers are quite skeptical about credit card payments due to the increased risk of fraud by hackers. As elsewhere, the credit card did not take off in India mainly because of problems with authentication and identification of electronic signatures (Dahiya and Singh 2000: 70).

Similarly, tax management is another complex issue in this fluid global e-commerce. As it becomes difficult to determine the existence of taxes due to e-commerce, it provides many opportunities for tax evasion. How to remove it? Some are offering full tax exemption for e-commerce till 2010. Some others are recommending zero tax on e-commerce for it to flourish in the country. In the United States it has already been decided that there will be no tax on goods sold online in digital form. Shouldn't India, at least for now, follow the US? We have to think about it.

5. Digital illiteracy and consumer psychology:

Currently at present era , digital illiteracy is one of the biggest challenges facing e-commerce in India. On the other hand, the constant migration of skilled computer engineers to other countries has deprived India of software engineers. This posed a real threat to the Indian IT industry. Apparently, the solution to this problem lies in curbing the computer brain drain - and it is also being used in the country.

The Indian consumer is also characterized by its unique psyche. Generally, the Indian consumer does not travel long distances to get the product of his choice if the local store offers him what he wants. Therefore, the consumer does not browse the site knowing that there will be complications and other problems due to connections. In addition, it takes longer to build trust in electronic media, especially if the seller is located very far away places.

7. Use of the English language in particular:

Last but not least, the country's software is currently in English. But to make e-commerce accessible to small businesses, it must be available in the languages of small business owners (regionally) so they can adapt e-commerce processes to their operations. The sooner this is done, the better small businesses can adapt to e-commerce. Building a successful e-commerce business isn't just about putting an idea on a website.

There are many other things that an e-commerce entrepreneur needs to deal with before their e-commerce business becomes successful. These also include legal issues, from e-commerce compliance to brand promotion and protection. Even a domain protection strategy is an integral part of a successful e-commerce business. E-commerce is one of the most profitable business ventures in India today.

The current growth is not good but even its future and projected growth is huge. But e-commerce must also be practiced in India in a manner permitted by law. The vast majority of e-commerce companies never survive the second year of establishment. In addition, many e-commerce sites have been shut down due to violations of the law. For example, many Bitcoin exchanges in India have temporarily suspended their services due to legal uncertainty in the industry.

Some of them have even been targeted by Indian law enforcement agencies for possible violation of Indian laws. E-commerce sites operating in India must comply with many Indian laws, including the Information Technology Act, 2000 (IT Act 2000). According to the IT Act, 2000, these e-commerce sites operating in India are internet intermediaries and must also comply with the due diligence requirements of the Cyber Act (PDF). Legal requirements for e-commerce in India also require compliance with other laws such as contract law, Indian Penal Code, etc.

In addition, online shopping in India also requires compliance with banking and financial norms in India. Take PayPal as an example in this regard. If PayPal is to enable the acceptance and payment of online payments for its existing or proposed electronic operations, it will need to obtain a license from the Reserve Bank of India (RBI). Additionally, cyber due diligence for PayPal and other online payment processors in India must be followed. The M-health laws and regulations in India must be followed by those who want to explore this upcoming and profitable industry.

Challenges of E-commerce opportunities in present growth

With the active use of e-commerce in India, electronic dispute resolution in India also needs to be strengthened. The current litigation system in India is not conducive to the growth of e-commerce in India and online dispute resolution in India is more suitable for such purposes.

Finally, those who wish to engage in cloud computing, virtualization and other online services in India are subject to Indian technology laws. India's legal and regulatory requirements for cloud services for businesses and entrepreneurs continue to evolve. However, the cloud computing business community in India needs to follow them. Virtualization and cloud service providers in India not only have to comply with Indian encryption laws, but also ensure cyber compliance in India. This is especially true when cyber due diligence for Indian companies has become very strict and foreign companies and websites are often accused of not doing cyber due diligence in India.

In short, the highly profitable e-commerce segment of India should be explored only after following the laws related to this e-commerce segment. There are no laws and regulations that govern all segments of online business, and each segment of online business is governed by different laws. Many international brands and retailers cannot afford to ignore India, the world's most populous country with 1.37 billion people, second only to China and catching up fast. Considering that 41 percent of this huge population uses the Internet, that's 562 million people or potential customers. The e-commerce market is large, but complex and must be navigated carefully to avoid taking the wrong approach.

The Ecommerce Foundation's recently released "Online Business Report: India 2019" looks at India's B2C e-commerce market, including connectivity, digital readiness and device usage. First, the good news: India's GDP is expected to reach 2.59 trillion US dollars in 2015, an increase of 6.63 percent, and B2C e-commerce revenues are expected to reach more than 32 billion US dollars. However, India still has a long way to go – literally – in terms of infrastructure and logistics: "India seems to be lacking in all e-commerce indices. It is 44th in the logistics series. Efficiency performance index, 77th in the Easy of Doing Business index and 96th in the e-government development index. Moreover, internet inclusion appears to be a weak point for India, ranking 47th," the report said.

India still has a long way to go in terms of logistics, infrastructure and ease of doing business. The Internet Index takes into account both the possibility and affordability of Internet use, the existing Internet infrastructure, and the availability and reach of the Internet. local language content. India is ranked 47 out of 86 countries. A high ease of doing business rating means the regulatory environment is more conducive to establishing and operating a local business, while a high score on the United Nations E-Government Development Index includes "the simultaneous past and present investment in telecommunications, human capital. and network service provision." India ranks 96th out of nearly 200 countries, up from 118th in 2014.

The World Bank Logistics Index compares business logistics in 160 countries. International brands and retailers also need to be aware that Internet usage in India is very mobile: Indians use the Internet 80 percent of the time on their mobile phones, but according to the Web, they use the Internet only 20 percent of the time. desktop computer analytics firm Stat Counter. Reasons include affordability, PC penetration is much lower than mobile phone penetration and ease of use: although a mobile phone can be carried and used anytime, anywhere. Is a network, computers do not offer this flexibility. So e-commerce in India means providing mobile friendly options and websites to buy products. So it's no wonder that cell phones and cell phone accessories are by far the most purchased category

STRATEGIES FOR SUCCESS?

To improve their chances of success, companies learns and adopts certain strategies. Successful companies in India focus on strong customer service and building customer trust. This leads to repeat buyers, lowers customer acquisition and retention costs, and increases profitability. In addition, some companies differentiate themselves by focusing on niche product categories and market segments. To survive in the competition, companies must also build a strong brand. This is what Amazon could and probably will do in the US

Flipkart and some other major players are imitating and trying to make in India. As the market matures, there will inevitably be more acquisitions and consolidations and many brutal shakeups. Companies that want to take advantage of these opportunities must do everything they can to reduce costs, remain financially viable, and adopt smart strategies to compete and survive. However, it is clear that the growth of the Internet and e-commerce is on the fast track to transform the Indian economy in the 21st century. With great potential and opportunities, there are many pitfalls and challenges along the way.

Conclusion

In India, logistics and courier services require a lot of development. Although a comprehensive and strong logistics service is one of the most important reasons for the success of any online business,

The tax system in the Indian market is another factor responsible for lower e-commerce growth in India compared to other developed countries such as the United States and the United Kingdom. In those countries, the tax is uniform across all sectors, while the tax structure in India varies across sectors. This factor creates accounting problems for online businesses in India. “Today's customer is channelless and seeks a connected experience and connected travel anytime, anywhere, anywhere. To solve this for digital and classic retail). This is now driven primarily by brands operating in the fashion and lifestyle category... The line between online and offline is blurring as players realize that a complete 360-degree shopping experience can be delivered with the best of both worlds.