

Information Technology Act, 2000

Section 1 - SHORT TITLE, EXTENT, COMMENCEMENT AND APPLICATION

INFORMATION TECHNOLOGY ACT, 2000 INFORMATION TECHNOLOGY ACT, 2000 21 of 2000 June 9, 2000 Received the assent of the President on June 9, 2000 and published in the Gazette of India, Extra., Part II, Section 1, dated 9th June, 2000, pp. 1-32, Sl. No. 10 An Act to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, 1860, the Indian Evidence Act, 1872, the Bankers' Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto. Whereas the General Assembly of the United Nations by resolution A/RES/51/162, dated the 30th January, 1997 has adopted the Model Law on Electronic Commerce adopted by the United Nations Commission on International Trade Law; And whereas the said resolution recommends inter alia that all States give favourable consideration to the said Model Law when they enact or revise their laws, in view of the need for uniformity of the law applicable to alternatives to paper-based methods of communication and storage of information; And whereas it is considered necessary to give effect to the said resolution and to promote efficient delivery of Government services by means of reliable electronic records; Be it enacted by Parliament in the Fifty-first Year of the Republic of India as follows:" Prefatory Note"State of Objects and Reasons."New communication systems and digital technology have made dramatic changes in the way we live. A revolution is occurring in the way people transact business. Businesses and consumers are increasingly using computers to create, transmit and store information in the electronic form instead of traditional paper documents. Information stored in electronic form has many advantages. It is cheaper, easier to store, retrieve and speedier to communicate. Although people are aware of these advantages they are reluctant to conduct business or conclude any transaction in the electronic form due to lack of appropriate legal framework. The two principal hurdles which stand in the way of facilitating electronic commerce and electronic governance are the requirements as to writing and signature for legal recognition. At present many legal provisions assume the existence of paper based records and documents and records which should bear signatures. The Law of Evidence is traditionally based upon paper based records and oral testimony. Since electronic commerce eliminates the need for paper based transactions, hence to facilitate e-commerce, the need for legal changes have become an urgent necessity. International trade through the medium of e-commerce is growing rapidly in the past few years and many countries have switched over from traditional paper based commerce to e-commerce. 2. The United Nations Commission on International Trade Law (UNCITRAL) adopted the Model Law on Electronic Commerce in 1996. The General Assembly of United Nations by its Resolution No. 51/162 dated 30th January, 1997 recommended that all States should give favourable considerations to the said Model Law when they enact or revise their laws. The Model Law provides for equal legal treatment of users of electronic communication and paper based communication. Pursuant to a recent declaration by member countries, the World Trade Organisation is likely to form a work programme to handle its work in this area including the possible creation of multilateral trade deals through the medium of electronic commerce. 3. There is a need for bringing in suitable amendments in the existing laws in our country to facilitate e-commerce. It is, therefore, proposed to provide for legal recognition of electronic records and digital signatures. This will enable the conclusion of contracts and the creation of rights and obligations through the electronic medium. It is also proposed to provide for a regulatory regime to supervise the Certifying Authorities issuing Digital Signature Certificates. To prevent the possible misuse arising out of transactions and other dealings concluded over the electronic medium, it is also proposed to create civil and criminal liabilities for contravention of the provisions of the proposed legislation. 4. With a view to facilitate Electronic Governance, it is proposed to provide for the use and acceptance of electronic records and digital signatures in the Government offices and

its agencies. This will make the citizens interaction with the Governmental offices hassle free. 5. It is also proposed to make consequential amendments in the Indian Penal Code and the Indian Evidence Act, 1872 to provide for necessary changes in the various provisions which deal with offences relating to documents and paper based transactions. It is also proposed to amend the Reserve Bank of India Act, 1934 to facilitate electronic fund transfers between the financial institutions and banks and the Bankers' Books Evidence Act, 1891 to give legal sanctity for books of account maintained in the electronic form by the banks. 6. The proposal was also circulated to the State Governments. They have supported the proposed legislation and have also expressed urgency for such legislation. 7. The Bill seeks to achieve the above objectives. 1) This Act may be called the Information Technology Act, 2000. (2) It shall extend to the whole of India and, save as otherwise provided in this Act, it applies also to any offence or contravention thereunder committed outside India by any person. (3) It shall come into force on such date as the Central Government may, by notification, appoint and different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the commencement of that provision. (4) Nothing in this Act shall apply to," 1 "(a) a negotiable instrument (other than a cheque) as defined in Section 13 of the Negotiable Instruments Act, 1881 (26 of 1881); (b) a power of attorney as defined in Section 1-A of the Power of Attorney Act, 1882 (7 of 1882) ; (c) a trust as defined in Section 3 of the Indian Trusts Act, 1882 (2 of 1882) ; (d) a will as defined in clause (h) of Section 2 of the Indian Succession Act, 1925 (39 of 1925) including any other testamentary disposition by whatever name called; (e) any contract for the sale or conveyance of immovable property or any interest in such property; (f) any such class of documents or transactions as may be notified by the Central Government in the Official Gazette.

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