



Asian Journal of Management and Commerce

E-ISSN: 2708-4523

P-ISSN: 2708-4515

AJMC 2025; 6(1): 124-127

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www.allcommercejournal.com

Received: 06-12-2024

Accepted: 11-01-2025

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A critical study of consumers protection with special reference to e commerce in Bihar

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Abstract

The rapid growth of e-commerce in Bihar has brought about significant changes in consumer behavior, particularly with the adoption of digital payment systems like UPI (Unified Payments Interface). UPI has facilitated seamless transactions, enabling consumers to shop online, pay bills, and transfer funds effortlessly. However, this digital transformation has also introduced new challenges related to consumer protection, especially concerning online fraud, data breaches, and security threats. Despite the convenience offered by platforms like Paytm, PhonePe, Google Pay, and BHIM, many consumers in Bihar face a lack of awareness about secure online practices, making them vulnerable to various cybercrimes. This study critically examines the consumer protection landscape in the context of e-commerce and digital payments in Bihar, focusing on the role of UPI in shaping consumer experiences. It delves into the issues surrounding fraud prevention, dispute resolution, and the accountability of e-commerce platforms and payment service providers. The paper also highlights the need for stronger legal frameworks and consumer education to address these concerns effectively. UPI and e-commerce platforms offer immense potential for economic growth and digital inclusion in Bihar, ensuring consumer protection is essential to building trust and fostering a secure digital marketplace. This research emphasizes the need for enhanced regulatory oversight and awareness programs to safeguard consumers in the evolving e-commerce landscape.

Keywords: Consumer protection, E-commerce, UPI, digital payments, Bihar

Introduction

The rapid growth of e-commerce has revolutionized consumer behavior and economic landscapes, creating unprecedented opportunities and challenges. In Bihar, a state deeply rooted in traditional commerce, the integration of digital platforms has ushered in a transformative era for consumers. This paradigm shift is marked by enhanced accessibility to goods and services, price transparency, and convenience, yet it also underscores critical concerns regarding consumer protection. The digital ecosystem, despite its merits, has exposed consumers to risks such as fraud, data breaches, misleading advertisements, and substandard products. The legal and regulatory frameworks aimed at protecting consumers in the e-commerce sphere often struggle to keep pace with the technological advancements and dynamic nature of online markets. Particularly in Bihar, where internet penetration has seen significant growth in recent years, the socio-economic diversity of its population amplifies the challenges of ensuring robust consumer rights. Rural consumers, often less technologically literate, face heightened vulnerabilities to online exploitation compared to their urban counterparts. At the same time, the state's legal mechanisms and institutional infrastructure require strengthening to effectively address grievances and ensure compliance with consumer protection laws. The enactment of the Consumer Protection Act, 2019, with its emphasis on e-commerce regulations, marks a pivotal step towards safeguarding consumer interests. However, the implementation of these provisions in Bihar raises questions about the adequacy of digital literacy, enforcement mechanisms, and access to redressal forums. Moreover, the role of corporate accountability in fostering trust and promoting ethical practices in e-commerce is crucial yet insufficiently addressed. A critical examination of these factors is essential to identify gaps and formulate strategies that align with the unique socio-economic context of Bihar. This study delves into the interplay between legal frameworks, digital literacy, and the operational realities of e-commerce in the region, highlighting the importance of empowering consumers and ensuring equitable access to justice. It aims to provide actionable insights into the challenges faced by consumers and propose viable solutions that promote a fair, secure, and inclusive e-commerce ecosystem in

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Bihar. Thus, the discussion of consumer protection in the digital domain transcends mere legalistic approaches, emphasizing the broader socio-economic impact of e-commerce and the collective responsibility of stakeholders, including policymakers, businesses, and consumers, in safeguarding rights and fostering trust in the burgeoning digital economy of Bihar.

Literature review

1. Kumari, M.S., & Kamaraj, R. (2024) ^[1]. This study, focusing on the Vaishali district of Bihar, explores customer satisfaction in e-commerce transactions. It highlights key challenges such as fraudulent activities, lack of awareness about consumer rights, and the limited reach of grievance redressal mechanisms. The paper emphasizes the importance of regulatory frameworks and digital literacy in ensuring consumer protection in the state.
2. Ranjan, K.R. (2023) ^[2]. The research examines the growth of e-commerce in Bihar and its impact on consumer behavior. It delves into the legal and institutional barriers that hinder effective consumer protection, particularly in rural areas where digital infrastructure is still developing. The study underscores the need for targeted policies and initiatives to promote safe e-commerce practices.
3. Shekhar, S. (2023) ^[13]. This paper investigates the role of trust and security concerns in shaping consumer behavior in Bihar's e-commerce market. It discusses the adoption of digital payment systems, such as QR codes, and the challenges faced by small and medium enterprises (SMEs) in ensuring consumer trust. The findings highlight the need for better cybersecurity measures and consumer awareness programs.
4. Gupta, R. (2020) ^[3]. Published in Springer's Digitalization Conundrum in India, this study evaluates consumer protection laws and their application to e-commerce in India, with specific insights into Bihar's challenges. It identifies gaps in the implementation of the Consumer Protection Act, 2019, particularly in addressing digital fraud, data breaches, and unfair trade practices in rural and semi-urban regions.
5. Mohan, A. (2021) ^[4]. This article focuses on the regulatory challenges posed by educational technology (ed-tech) companies under the Consumer Protection (E-Commerce) Rules, 2020. Although not specific to Bihar, the study offers insights into broader regulatory gaps and their implications for consumer protection in the digital economy, relevant to Bihar's growing reliance on online platforms.

Research Gap

Despite the growing penetration of e-commerce in Bihar, significant gaps persist in consumer protection. Limited digital literacy, particularly in rural areas, hampers consumers' ability to identify and address fraudulent practices. Existing legal frameworks, such as the Consumer Protection Act, 2019, and e-commerce-specific rules, face challenges in effective implementation due to weak enforcement mechanisms and lack of consumer awareness. Moreover, the absence of robust grievance redressal systems tailored to the socio-economic conditions of Bihar further exacerbates the issue. The role of businesses in promoting ethical practices and enhancing consumer trust also remains

underexplored, indicating the need for focused research and actionable strategies.

Consumer Protection and E-Commerce in Bihar

Key related topics include the role of digital literacy in empowering consumers, the effectiveness of grievance redressal mechanisms, cybersecurity challenges in online transactions, the impact of socio-economic disparities on e-commerce adoption, and the implementation of the Consumer Protection Act, 2019, in Bihar's evolving digital economy. These areas require focused research to address systemic challenges and promote equitable consumer rights.

Trust and promoting secure online/ digital payments

The rise of e-commerce in Bihar has brought about a surge in the use of digital payment methods like UPI (Unified Payments Interface), which has significantly transformed consumer transactions. Companies like Paytm, PhonePe, Google Pay, and BHIM have played a vital role in making UPI a widely accepted and preferred method of online payment. However, despite the convenience, there are critical concerns related to consumer protection, especially in the context of fraud and security risks. In Bihar, where digital literacy levels may be lower compared to urban areas, consumers are vulnerable to phishing attacks, fraudulent apps, and unauthorized transactions. These risks are exacerbated by the rapid growth of online shopping and digital financial services. While UPI offers real-time transactions, it also faces challenges in terms of dispute resolution and ensuring the accountability of both e-commerce platforms and payment service providers.

Consumer protection laws must evolve to address these challenges effectively, with stronger regulations for e-commerce companies and payment service providers like Paytm, Google Pay, and PhonePe. Additionally, raising awareness among consumers about secure online practices, such as verifying payment links and using secure networks, is crucial. Regulatory bodies, along with state governments, must play a proactive role in creating a safer digital environment for consumers in Bihar.

Objectives of the Study

- To evaluate the effectiveness of existing consumer protection laws in Bihar's e-commerce sector.
- To analyze the impact of digital literacy on consumer rights awareness in Bihar.
- To identify challenges faced by consumers in addressing e-commerce grievances.
- To propose strategies for enhancing consumer trust and protection in Bihar's digital economy.

Research Methodology

The research methodology for this study on consumer protection in e-commerce, with special reference to Bihar and the role of UPI and online payment systems, adopts a mixed-methods approach. The primary data is collected through surveys and interviews with consumers, e-commerce users, and experts in the field of digital payments. A structured questionnaire is designed to assess consumer awareness, experiences with fraud or disputes, and knowledge of secure online practices. Secondary data is gathered from government reports, academic articles, and industry publications to analyze existing consumer protection laws and digital payment trends. Case studies of

popular e-commerce platforms such as Paytm, Google Pay, and PhonePe are included to evaluate the mechanisms for handling consumer complaints and fraud. The data is then analyzed using qualitative and quantitative techniques to identify gaps in consumer protection and provide recommendations for improving the security and trustworthiness of e-commerce transactions in Bihar.

Table 1: Analysis of Consumer Awareness and Challenges in Bihar

Parameter	Urban (%)	Rural (%)	Overall (%)
Awareness of Consumer Rights	78%	42%	60%
Experienced E-commerce Fraud	32%	48%	40%
Access to Grievance Redressal	64%	28%	46%
Satisfaction with Redressal	52%	19%	35%
Trust in E-commerce Platforms	71%	39%	55%

Limitations of the Study

The study on consumer protection in e-commerce with a focus on Bihar is subject to several limitations. Firstly, the sample size, while stratified, may not fully capture the diversity of the population, particularly in remote rural areas where e-commerce penetration is limited. Secondly, the reliance on self-reported data from surveys and interviews may introduce response bias, as respondents might underreport or exaggerate their experiences. Thirdly, the dynamic nature of e-commerce and consumer protection laws means that the findings may quickly become outdated as new regulations or technological advancements emerge. Additionally, the study's focus on Bihar limits the generalizability of its conclusions to other regions with differing socio-economic and infrastructural contexts. Lastly, constraints in time and resources may have restricted a more in-depth exploration of emerging technologies, such as blockchain and AI, in enhancing consumer protection. Despite these limitations, the study provides valuable insights into a critical and evolving issue.

Importance of the Study

The importance of this study lies in its critical examination of consumer protection in the rapidly growing e-commerce sector in Bihar, with a special focus on the use of UPI and digital payment methods. As e-commerce continues to expand, particularly in rural and semi-urban areas, understanding the challenges faced by consumers in ensuring secure transactions is vital. This study highlights the vulnerability of consumers to online fraud, lack of awareness, and inadequate dispute resolution mechanisms, which can undermine trust in digital platforms. By addressing these issues, the research provides valuable insights into improving legal frameworks, consumer education, and the accountability of e-commerce platforms and payment service providers. Furthermore, it contributes to the broader conversation on digital financial inclusion, offering a roadmap to enhance consumer protection in the context of Bihar's unique socio-economic and technological landscape. Ultimately, the study aims to foster a safer, more trustworthy environment for digital transactions, benefiting both consumers and businesses.

Findings of the Study

1. Awareness of Consumer Rights: The study revealed that awareness of consumer protection laws and rights

- among e-commerce users in Bihar is significantly low, particularly in rural areas, where only 42% of respondents reported familiarity with their rights.
- 2. Prevalence of Fraud:** A considerable number of consumers (40%) reported experiencing fraud in online transactions, with rural consumers facing higher vulnerability (48%) compared to their urban counterparts (32%).
- 3. Access to Grievance Redressal:** Access to grievance redressal mechanisms is limited, with only 46% of consumers aware of how to address complaints effectively. Urban consumers (64%) had better access compared to rural users (28%).
- 4. Satisfaction with Redressal Systems:** Only 35% of consumers expressed satisfaction with the resolution of their complaints, indicating inefficiencies in the grievance redressal process.
- 5. Trust in E-Commerce Platforms:** Consumer trust in e-commerce platforms is moderate, with 71% of urban users expressing trust compared to 39% of rural users, underscoring the need for transparency and ethical practices.

Conclusion

The study highlights significant challenges and opportunities in safeguarding consumer rights in Bihar's e-commerce ecosystem. As e-commerce continues to grow, driven by increasing digital penetration and convenience, it also brings risks like fraud, misinformation, and inadequate grievance redressal mechanisms. The findings reveal a critical gap in consumer awareness, particularly in rural areas, where limited digital literacy and restricted access to legal recourse leave users vulnerable. While urban consumers show relatively higher trust and awareness, the satisfaction with grievance redressal mechanisms remains low across regions, indicating systemic inefficiencies. The Consumer Protection Act, 2019, and its e-commerce rules are promising steps toward addressing these issues but face hurdles in implementation due to weak enforcement infrastructure and lack of consumer education. Businesses must also play a proactive role in ensuring transparency, secure transactions, and ethical practices to build trust and loyalty among consumers. Moreover, targeted digital literacy campaigns and policy interventions tailored to Bihar's socio-economic landscape are essential to bridge the digital divide and empower consumers. Strengthening the grievance redressal framework, fostering public-private partnerships, and incorporating emerging technologies like AI and blockchain for fraud prevention can create a robust consumer protection environment. In conclusion, a multi-stakeholder approach involving consumers, businesses, and policymakers is critical for addressing the gaps and ensuring that e-commerce growth in Bihar is equitable, secure, and inclusive, ultimately fostering a fair and trustworthy digital marketplace for all.

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