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ADR AND DIGITAL ECONOMIES: DIGITAL CONSUMER PROTECTION THROUGH ODR

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I. INTRODUCTION

The economic activity across the world has transformed due to the rapid advancement of digital technologies, giving rise to what is commonly describes as the digital economy.²This transformation in India has been particularly visible in the exponential growth of e-commerce and digital service platforms. Most of the consumers rely on online marketplaces, mobile applications, and digital interfaces to purchase goods and access services³. While, this shift has enhanced efficiency, market access and convenience, simultaneously it has created new legal and regulatory challenges, especially in the area of dispute resolution and consumer protection. ⁴The traditional legal mechanisms are designed primarily for physical and local transportation, often struggle to respond effectively to disputes arising in digital environments. This has led to the growing interest in technology enabled alternatives such as Online Disputes Resolutions (OR). ⁵

Universally, the United Nations Commission on International Trade Law(UNCITRAL) Technical notes on ODR provides a framework for cross border dispute resolution. In India, the Consumers Protection Act, 2019 and the E-Commerce Rules, 2020 have systematized ODR through portals like E-Daakhil and the INGRAM portal, mandating that e-commerce entities grievance offers and provide time bound resolutions.

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² Org. for Econ. Co-operation & Dev. (OECD), Consumer Policy and the Digital Economy (2017).

³ World Bank, World Development Report 2016: Digital Dividends (2016).

⁴ Marc Galanter, Why the “Haves” Come Out Ahead: Speculations on the Limits of Legal Change, 9 Law & Soc’y Rev. 95 (1974).

⁵ U.N. Comm’n on Int’l Trade L. (UNCITRAL), Technical Notes on Online Dispute Resolution (2017).

A. DIGITAL ECONOMY AND GROWTH OF E-COMMERCE

Economic activities that are enabled by digital technologies, including online platforms, electronic payments, data driven services and algorithmic decision making systems are called the digital economy. In India, the growth of e-commerce has significantly accelerated by the expansion of internet access, digital payment infrastructure and platform based business models. Online marketplaces now connects the consumers and sellers across geographical boundaries, enabling faster transactions and wider consumer choice.

However, consumer exposure to digital risks has also increased by the growth of e-commerce. Online platforms operate through complex technological systems involving the algorithms, standard form contracts and automated processes that often lack transparency. Consumers faces issues such as unfair pricing practices, misleading product information, hidden costs, delayed refunds and ineffective grievance redressal. The speed and scale of digital transactions means that even small disputes, when multiplied, can have serious implications for consumer welfare.

B. NATURE OF DIGITAL CONSUMER DISPUTES

Digital consumer disputes differs significantly from traditional consumer disputes. These disputes are typically high in volume but low in individual monetary value. It arises from common issues such as non-delivery of goods, defective products, delayed or denied refunds, misleading achievements, billing errors and deficiencies in online services. The jurisdictional complexities created by the digital nature of transactions, as consumers and sellers may be located in different states or even different countries. Further, digital consumer disputes are shaped by unequal bargaining power. The standard terms & conditions drafted by platforms, with little scope of negotiations keeps the consumers bound. Traditional litigation or proceedings before consumer commissions are often time consuming, costly and procedurally complex, making them impractical for resolving such disputes. As a result, either suffer unresolved grievances or abandon their claims, leading to widening justice gap in the digital marketplace.

C. RESEARCH QUESTIONS, OBJECTIVES, AND METHODOLOGY

Research Questions & Objectives:

RQ 1. Whether Online Dispute Resolution (ODR) constitutes an effective mechanism for resolving consumer disputes arising within the digital and e-commerce ecosystem in India.

RQ 2. To what extent the Consumer Protection Act, 2019 facilitates and supports the adoption, recognition, and functioning of Online Dispute Resolution mechanisms for addressing consumer grievances.

RQ 3. What role the Consumer Protection (E-Commerce) Rules, 2020 play in ensuring transparency, platform accountability, and effective grievance redressal in digital marketplaces.

RQ 4. What are the major legal, technological, and practical challenges that affect the implementation and effectiveness of Online Dispute Resolution in India.

RQ 5. How Online Dispute Resolution can be strengthened to bridge the ‘justice gap’ in high-volume, low-value consumer disputes arising from digital and e-commerce transactions in India.

METHODOLOGY

This study adopts a doctrinal and analytical research methodology. The research is based on the examination of existing legal framework, judicial developments and policy instruments governing consumer protection and disputes resolution in India.

Primary sources used in the study includes statues such as Consumer Protection Act, 2019 and the Consumer Protection Rules, 2020 (E-Commerce) along with the relevant provisions relating to Alternative Disputes Resolutions.

Secondary sources include judicial decisions, government and policy reports, academic articles, research papers, books, and authoritative commentaries on consumer law, ADR, and Online Dispute Resolutions.

The nature of study is analytical and critically evaluate the effectiveness, limitations, and future potentials of ODR as a consumer protection mechanism. A quantitative approach has been adopted to assess how digital dispute resolution frameworks interact with consumer rights and access to justice in the digital economy.

II. ALTERNATIVE DISPUTE RESOLUTION AND THE EMERGENCE OF ONLINE DISPUTE RESOLUTION

The increasing complexity of modern disputes and the growing burden on traditional courts have led to a renewed focus on Alternative Dispute Resolution (ADR) mechanisms⁶. ADR represents a shift

⁶ Afcons Infrastructure Ltd. v. Cherman Varkey Construction Co., (2010) 8 SCC 24 (India).

towards consensual and flexible modes of dispute settlement from adversarial litigation. In the context of digital economy, where disputes arise rapidly and often involve small monetary values, ADR has gained particular relevance. However, the limitations of traditional ADR processes in addressing digitally driven disputes have paved the way for the emergence of Online Dispute Resolution (ODR)⁷, which integrates ADR principles with digital technology

A. CONCEPT AND FORMS OF ADR

A set of mechanisms that enable parties to resolve disputes outside the formal court system is Alternative Dispute Resolution⁸. Flexibility, party autonomy, confidentiality, and consensual settlements are the core philosophy that lies in ADR. Unlike litigation, ADR focuses on resolving disputes in a less adversarial manner, encouraging cooperation rather than confrontation.

The major forms of ADR include negotiation, mediation, conciliation, and arbitration. Negotiation allows parties to resolve disputes through direct discussion, while mediation and conciliation involve the assistance of a neutral third party to facilitate settlement. Arbitration, through more formal, provides a binding resolution without the procedural rigidity of courts.⁹ These mechanisms have been recognized and promoted within the Indian legal system to ensure timely and cost effective justice.

ADR is valued for its ability to reduce delays, lower costs and preserve relationships between parties. Maintaining trust and ensuring quick remedies are essential in consumer disputes, ADR offers a more practical alternative to prolonged litigation.¹⁰

B. LIMITATIONS OF TRADITIONAL DISPUTE RESOLUTION

Despite the advantages of ADR, both traditional litigation and conventional ADR mechanisms face limitations in addressing disputes arising in the digital economy. Court-based litigation is often time-consuming, expensive, and procedurally complex, making it unsuitable for high-volume and low-value consumer disputes¹¹. Jurisdictional issues further complicate digital disputes, as parties may be located in different regions or even countries.

⁷ Ethan Katsh & Janet Rifkin, *Online Dispute Resolution: Resolving Conflicts in Cyberspace* (2001).

⁸ Lawrence Boulle, *Mediation: Principles, Process, Practice* (3d ed. 2011).

⁹ Arbitration and Conciliation Act, 1996 (India).

¹⁰ Org. for Econ. Co-operation & Dev. (OECD), *Consumer Policy and the Digital Economy* (2017).

¹¹ Marc Galanter, *Why the "Haves" Come Out Ahead: Speculations on the Limits of Legal Change*, 9 *Law & Soc'y Rev.* 95 (1974).

Traditional ADR mechanisms, while less formal than courts, still rely heavily on physical presence, paperwork, and scheduled hearings. This limits their accessibility, particularly for consumers who lack resources or reside in remote areas¹². Moreover, conventional ADR processes may not be equipped to handle the speed and scale at which digital consumer disputes arise. As a result, many consumers either abandon their claims or are left without effective remedies.

These limitations highlight a growing mismatch between traditional dispute resolution frameworks and the realities of digital transactions, underscoring the need for a more adaptable and technology-driven solution.¹³

C. EVOLUTION AND CONCEPTUAL FRAMEWORK OF ODR

Online Dispute Resolution has emerged as a response to the limitations of traditional dispute resolution mechanisms in the digital age. ODR integrates the principles of ADR with information and communication technologies to enable disputes to be resolved entirely through online platforms.¹⁴ It is not a new form of dispute resolution but rather an evolution of ADR adapted to the digital environment.

The conceptual framework of ODR is based on accessibility, efficiency, and user-centric design. ODR platforms facilitate online negotiation, mediation, and arbitration through digital interfaces,¹⁵ allowing parties to participate remotely without physical presence. Technology enables faster communication, automated case management, and flexible scheduling, making dispute resolution more responsive to consumer needs.

In the context of consumer disputes, ODR aligns closely with the nature of digital transactions. Since online disputes often involve limited monetary value but require quick resolution, ODR offers an effective mechanism that bridges the gap between digital commerce and access to justice. By combining legal principles with technological innovation, ODR represents a significant advancement in the evolution of dispute resolution systems.¹⁶

¹² NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (2021).

¹³ Mauro Cappelletti & Bryant Garth, *Access to Justice: The Newest Wave*, 27 *Buff. L. Rev.* 181 (1978).

¹⁴ Ethan Katsh & Janet Rifkin, *Online Dispute Resolution: Resolving Conflicts in Cyberspace* (2001).

¹⁵ U.N. Comm'n on Int'l Trade L. (UNCITRAL), *Technical Notes on Online Dispute Resolution* (2017).

¹⁶ Org. for Econ. Co-operation & Dev. (OECD), *Consumer Policy and the Digital Economy* (2017).

III. EFFECTIVENESS OF ONLINE DISPUTE RESOLUTION IN CONSUMER DISPUTES

The effectiveness of Online Dispute Resolution must be assessed in light of the unique nature of consumer disputes arising in the digital economy. ¹⁷Traditional dispute resolution mechanisms often fail to address such disputes due to delays, high costs, and procedural rigidity. ODR, by contrast, is specifically designed to respond to the speed, volume, and convenience that characterize online consumer transactions. Its effectiveness lies not only in resolving disputes but also in restoring consumer confidence and ensuring meaningful access to justice in digital markets¹⁸.

A. NATURE OF DISPUTES SUITABLE FOR ODR

Online Dispute Resolution is particularly effective for certain categories of consumer disputes that arise frequently in e-commerce and digital service platforms¹⁹. These disputes are generally repetitive in nature, low in individual monetary value, and require quick resolution rather than prolonged adjudication.²⁰ Common examples include delayed or denied refunds, non-delivery of goods, defective or substandard products, misleading online advertisements, billing errors, and deficiencies in digital services²¹.

Such disputes are well-suited for ODR because they typically involve limited factual complexity and can be resolved through document-based assessment or consensual settlement. The online nature of both the transaction and the dispute makes ODR a natural extension of the consumer experience. By resolving these disputes efficiently, ODR prevents escalation and reduces consumer frustration.

One of the most significant indicators of ODR's effectiveness is its ability to deliver speedy and cost-effective dispute resolution²². Unlike traditional litigation or even conventional ADR, ODR eliminates the need for physical hearings, extensive paperwork, and repeated adjournments. Disputes can be initiated and resolved online within significantly shorter time frames.

From a cost perspective, ODR substantially reduces expenses for both consumers and service providers. Minimal filing fees, absence of travel costs, and reduced reliance on legal representation

¹⁷ U.N. Comm'n on Int'l Trade L. (UNCITRAL), Technical Notes on Online Dispute Resolution (2017).

¹⁸ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

¹⁹ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

²⁰ Org. for Econ. Co-operation & Dev. (OECD), Consumer Policy and the Digital Economy (2017).

²¹ Consumer Protection (E-Commerce) Rules, 2020 (India).

²² UNCITRAL, Technical Notes on Online Dispute Resolution (2017).

make ODR financially accessible, particularly for consumers pursuing small-value claims. Additionally, ODR platforms are accessible across geographical boundaries, allowing consumers to seek remedies regardless of their location.²³ This accessibility is especially important in a country as geographically diverse as India.

B. ODR AS A TOOL TO BRIDGE THE JUSTICE GAP

The justice gap refers to the disparity between the number of disputes that arise and the number of disputes that are effectively resolved through formal legal mechanisms.²⁴ In the context of digital consumer transactions, this gap is particularly pronounced, as many consumers do not pursue legal remedies due to cost, time, or lack of awareness. ODR plays a crucial role in bridging this gap by offering an approachable and user-friendly dispute resolution mechanism.²⁵

By simplifying procedures and reducing barriers to entry, ODR encourages consumers to assert their rights and seek redressal. It also complements the formal justice system by diverting routine disputes away from courts and consumer commissions, thereby improving overall system efficiency. In this way, ODR not only resolves individual disputes but also strengthens the broader framework of consumer justice in the digital economy²⁶.

IV. CONSUMER PROTECTION ACT, 2019 AND ONLINE DISPUTE RESOLUTION

The enactment of the Consumer Protection Act, 2019 marked a significant shift in India's consumer protection framework, particularly in response to the challenges posed by the digital economy.²⁷ The Act recognises that modern consumer transactions increasingly occur through online platforms and require faster, more accessible mechanisms for dispute resolution.²⁸ By strengthening consumer rights and introducing flexible grievance redressal mechanisms, the Act provides a supportive legal

²³ OECD, Consumer Policy and the Digital Economy (2017).

²⁴ Mauro Cappelletti & Bryant Garth, Access to Justice: The Newest Wave, 27 *Buff. L. Rev.* 181 (1978).

²⁵ NITI Aayog, ODR Policy Plan for India (2021).

²⁶ UNCITRAL, Technical Notes on Online Dispute Resolution (2017)

²⁷ Consumer Protection Act, 2019, Statement of Objects and Reasons.

²⁸ Org. for Econ. Co-operation & Dev. (OECD), Consumer Policy and the Digital Economy (2017).

foundation for the adoption and promotion of Alternative Dispute Resolution, including Online Dispute Resolution, in consumer disputes.²⁹

A. CONSUMER RIGHTS AND GRIEVANCE REDRESSAL MECHANISM

The Consumer Protection Act, 2019 significantly expands and reinforces the rights available to consumers. It recognises essential consumer rights such as the right to be informed, the right to be protected against unfair trade practices, the right to seek redressal, and the right to consumer awareness³⁰. These rights are particularly relevant in digital transactions, where consumers often face information asymmetry and limited bargaining power.

To ensure effective enforcement of these rights, the Act establishes a three-tier consumer dispute redressal system at the district, state, and national levels³¹. It also introduces simplified procedures, electronic filing of complaints, and provisions for video conferencing, making the grievance redressal process more accessible. These procedural reforms reflect the legislature's intent to modernize consumer justice and align it with digital modes of interaction.³²

B. STATUTORY RECOGNITION OF ADR AND ODR

One of the most progressive aspects of the Consumer Protection Act, 2019 is its express recognition of Alternative Dispute Resolution mechanisms.³³ The Act empowers consumer commissions to refer disputes to mediation where appropriate, recognising that not all consumer disputes require formal adjudication.³⁴ This statutory encouragement of mediation reflects a broader shift towards consensual and time-efficient dispute resolution.

Although the Act does not explicitly define Online Dispute Resolution, its emphasis on electronic procedures, mediation, and flexible processes creates a strong legal basis for ODR³⁵. The recognition of ADR within the statutory framework legitimises the use of technology-enabled dispute resolution and supports the integration of ODR mechanisms in consumer disputes. This implicit recognition

²⁹ U.N. Comm'n on Int'l Trade L. (UNCITRAL), Technical Notes on Online Dispute Resolution (2017).

³⁰ Consumer Protection Act, 2019, §§ 2(9), 47–58.

³¹ Consumer Protection Act, 2019, §§ 34, 47, 58.

³² Ministry of Consumer Affairs, Government of India, E-Daakhil Portal Guidelines.

³³ Consumer Protection Act, 2019, § 37.

³⁴ Consumer Protection (Mediation) Rules, 2020 (India).

³⁵ UNCITRAL, Technical Notes on Online Dispute Resolution (2017).

allows ODR to operate within the existing legal framework without requiring immediate legislative overhaul.

C. ROLE OF CONSUMER COMMISSIONS IN PROMOTING ODR

Consumer Commissions play a crucial role in translating the objectives of the Consumer Protection Act into practice. With the authority to refer disputes to mediation and adopt simplified procedures, these commissions serve as key institutional drivers for ODR adoption³⁶. By encouraging settlement through mediation and facilitating online hearings, consumer commissions help reduce pendency and improve the efficiency of consumer justice delivery.³⁷

The increasing use of digital tools by consumer commissions, such as e-filing of complaints and virtual hearings, further supports the integration of ODR³⁸. When commissions actively promote technology-enabled dispute resolution, they not only improve access to justice but also build public confidence in non-adversarial mechanisms. Thus, consumer commissions act as a bridge between statutory consumer rights and the practical implementation of ODR in India.³⁹

V. CONSUMER PROTECTION (E-COMMERCE) RULES, 2020 AND PLATFORM ACCOUNTABILITY

The rapid expansion of e-commerce and platform-based markets has fundamentally transformed consumer transactions in India. Digital marketplaces have improved accessibility, convenience, and competition; however, they have also generated new forms of consumer vulnerability that traditional consumer protection frameworks were not designed to address.⁴⁰ Issues such as algorithm-driven price discrimination, misleading digital advertisements, manipulation of consumer reviews, preferential treatment of select sellers, and ineffective grievance redressal mechanisms have raised serious concerns regarding platform accountability.

In response to these challenges, the Consumer Protection (E-Commerce) Rules, 2020 were notified under the Consumer Protection Act, 2019 to regulate online marketplaces and ensure that consumer rights are not diluted in the digital economy.⁴¹ These Rules mark a decisive shift in Indian consumer

³⁶ Consumer Protection Act, 2019, § 37

³⁷ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (2021).

³⁸ Department of Consumer Affairs, Government of India, *E-Daakhil and Virtual Hearing Guidelines*.

³⁹ OECD, *Consumer Policy and the Digital Economy* (2017).

⁴⁰ World Bank, *World Development Report 2016: Digital Dividends* (2016).

⁴¹ Consumer Protection (E-Commerce) Rules, 2020 (India).

law by recognising that e-commerce platforms are not merely passive intermediaries but powerful market actors capable of shaping consumer behaviour and market outcomes. The Rules, therefore, seek to impose transparency, responsibility, and accountability on digital platforms.⁴²

A. DUTIES AND LIABILITIES OF E-COMMERCE ENTITIES

The E-Commerce Rules, 2020 impose a proactive and affirmative duty on e-commerce entities, thereby moving away from the traditional model of intermediary immunity.⁴³ Unlike earlier regulatory approaches that largely insulated platforms from liability for third-party conduct, the Rules acknowledge that platforms exercise significant control over listings, pricing, visibility, and transactions.

One of the core obligations under the Rules is the mandatory disclosure of detailed seller information, including legal identity, physical address, and contact details⁴⁴. This requirement ensures traceability and prevents the creation of anonymous or unaccountable marketplaces where consumers are left without effective remedies. By mandating such disclosures, the Rules strengthen consumer confidence and enhance accountability within digital supply chains.⁴⁵

Further, the Rules expressly prohibit a range of unfair trade practices that have become prevalent in online markets. These include manipulative pricing strategies such as artificial inflation of discounts, algorithm-based price fixing, and preferential treatment of affiliated sellers. Platforms are also restrained from misrepresenting product quality, suppressing negative reviews, or promoting misleading consumer endorsements⁴⁶. Such practices distort consumer choice and undermine the principle of informed consent, which is central to consumer protection law.

The Rules additionally restrict e-commerce entities from unilaterally cancelling orders or imposing arbitrary cancellation charges on consumers without valid justification. This is particularly significant in digital transactions, where consumers often lack bargaining power and are bound by standard-form contracts. By imposing these duties, the E-Commerce Rules attempt to correct the structural imbalance between large digital platforms and individual consumers, thereby reinforcing consumer sovereignty in the digital marketplace⁴⁷.

⁴² NITI Aayog, Consumer Protection in the Digital Age (2020).

⁴³ Consumer Protection (E-Commerce) Rules, 2020, r. 4.

⁴⁴ Consumer Protection (E-Commerce) Rules, 2020, r. 5.

⁴⁵ NITI Aayog, Consumer Protection in the Digital Age (2020).

⁴⁶ Consumer Protection (E-Commerce) Rules, 2020, rr. 4–6.

⁴⁷ World Bank, World Development Report 2016: Digital Dividends (2016).

B. TRANSPARENCY, FAIR TRADE PRACTICES, AND GRIEVANCE REDRESSAL

Transparency constitutes the normative backbone of the Consumer Protection (E-Commerce) Rules, 2020. Recognising that digital transactions are often characterised by informational asymmetry⁴⁸, the Rules mandate e-commerce platforms to provide clear, accurate, and accessible information to consumers at every stage of the transaction.

Platforms are required to disclose essential details such as terms of service, refund and return policies, delivery timelines, payment mechanisms, and security safeguards. Importantly, they must also disclose the parameters used for ranking products and sellers on their platforms. This requirement directly addresses concerns relating to algorithmic opacity, where consumers are unknowingly influenced by platform-controlled ranking systems that may prioritise profitability over consumer welfare.

In addition to transparency obligations, the Rules establish a structured grievance redressal mechanism. Every e-commerce entity must appoint a Grievance Redressal Officer responsible for addressing consumer complaints.⁴⁹ Complaints must be acknowledged within forty-eight hours and resolved within a period of one month. This time-bound framework aims to ensure procedural efficiency and reduce consumer frustration arising from delayed responses.⁵⁰

However, while the Rules create a formal grievance redressal structure, they remain largely procedural in nature. They do not adequately address the quality, effectiveness, or neutrality of dispute resolution outcomes. As a result, consumers often receive delayed, repetitive, or unsatisfactory responses from platform-controlled grievance mechanisms⁵¹. This limitation exposes a regulatory gap that necessitates the integration of independent, technology-enabled dispute resolution mechanisms such as Online Dispute Resolution.

C. SCOPE FOR ODR INTEGRATION UNDER THE RULES

Although the Consumer Protection (E-Commerce) Rules, 2020 do not explicitly mandate the adoption of Online Dispute Resolution, their underlying framework strongly supports its integration⁵². The emphasis on timely, accessible, and effective grievance redressal closely aligns with the

⁴⁸ Consumer Protection (E-Commerce) Rules, 2020, r. 4.

⁴⁹ Consumer Protection (E-Commerce) Rules, 2020, r. 4(5).

⁵⁰ Department of Consumer Affairs, Government of India, E-Commerce Guidelines.

⁵¹ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

⁵² Consumer Protection (E-Commerce) Rules, 2020 (India).

foundational principles of ODR, including speed, affordability, flexibility, and consumer participation.⁵³

E-commerce platforms are uniquely positioned to embed ODR mechanisms such as online negotiation, mediation, and arbitration within their grievance redressal systems.⁵⁴ Such integration would allow disputes to be resolved in a neutral and structured manner without requiring physical presence or formal litigation. For consumers, this would mean faster resolution, reduced costs, and greater procedural fairness.

From an institutional perspective, ODR integration would significantly reduce the burden on consumer commissions, which are often overwhelmed by high-volume, low-value disputes arising from digital transactions⁵⁵. By diverting minor and routine disputes to ODR platforms, consumer forums can focus on complex cases requiring adjudicatory intervention.

Therefore, ODR can function as a complementary and reinforcing mechanism that enhances the effectiveness of the E-Commerce Rules , Its integration would not only strengthen platform accountability but also contribute to a more responsive and consumer-centric digital dispute resolution ecosystem⁵⁶.

VI. ODR PLATFORMS IN INDIA: STRUCTURE AND FUNCTIONING

The expansion of the digital economy in India has fundamentally altered the nature of consumer transactions and, consequently, consumer disputes.⁵⁷ Online transactions are characterised by speed, volume, and geographical dispersion, which makes traditional court-based dispute resolution mechanisms increasingly inadequate⁵⁸. Litigation before consumer commissions or civil courts often involves procedural delays, high costs, and jurisdictional uncertainty, especially when the value of the dispute is relatively low. As a result, many consumers either abandon their claims or continue to suffer unresolved grievances. In this context, Online Dispute Resolution (ODR) has emerged as a practical and technology-enabled solution that aligns dispute resolution mechanisms with the realities of the

⁵³ UNCITRAL, Technical Notes on Online Dispute Resolution (2017).

⁵⁴ Ethan Katsh & Janet Rifkin, Online Dispute Resolution: Resolving Conflicts in Cyberspace (2001).

⁵⁵ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

⁵⁶ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

⁵⁷ World Bank, World Development Report 2016: Digital Dividends (2016)

⁵⁸ Org. for Econ. Co-operation & Dev. (OECD), Consumer Policy and the Digital Economy (2017).

digital marketplace.⁵⁹ ODR combines the principles of Alternative Dispute Resolution (ADR) with digital tools to offer a faster, accessible, and consumer-centric model of justice delivery.

A. EMERGING ODR ECOSYSTEM IN INDIA

India's ODR ecosystem has evolved gradually through private innovation, institutional collaboration, and judicial encouragement⁶⁰. Several private ODR platforms have emerged that work in partnership with banks, fintech companies, insurance providers, and e-commerce platforms to resolve consumer disputes arising from digital transactions. These platforms primarily handle disputes relating to online payments, refunds, service deficiencies, and contractual obligations. Judicial recognition of ADR mechanisms and repeated emphasis on the use of technology to reduce pendency have further strengthened the legitimacy of ODR in India.⁶¹ Courts have increasingly acknowledged that consensual and technology-assisted dispute resolution is essential to ensure timely access to justice.⁶²

In addition, government initiatives promoting digital governance, paperless courts, and e-administration have created a supportive institutional environment for the growth of ODR. As consumers and service providers become more familiar with digital platforms, the acceptance of ODR as a credible dispute resolution mechanism has steadily increased, particularly for disputes that do not require extensive evidentiary examination⁶³

B. PROCEDURAL FRAMEWORK AND TECHNOLOGY USE

ODR platforms in India operate through a structured yet flexible procedural framework designed to minimise formality and maximise efficiency.⁶⁴ The dispute resolution process generally begins with the online filing of complaints, followed by digital exchange of documents and preliminary negotiation or mediation. Where disputes cannot be resolved consensually, they may proceed to online arbitration, which results in a binding decision. Technology enables every stage of this process, including secure document storage, virtual hearings through video conferencing, automated scheduling, and digital communication between parties.⁶⁵

⁵⁹ U.N. Comm'n on Int'l Trade L. (UNCITRAL), Technical Notes on Online Dispute Resolution (2017).

⁶⁰ NITI Aayog, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (2021).

⁶¹ *Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co.*, (2010) 8 SCC 24 (India).

⁶² Supreme Court of India, *Salem Advocate Bar Association v. Union of India*, (2005) 6 SCC 344.

⁶³ NITI Aayog, ODR Policy Plan for India (2021).

⁶⁴ UNCITRAL, Technical Notes on Online Dispute Resolution (2017).

⁶⁵ World Bank, World Development Report 2016: Digital Dividends (2016).

The use of technology significantly reduces procedural complexity and transaction costs. Parties can participate from any geographical location without physical presence or mandatory legal representation. This procedural flexibility is particularly beneficial for consumers who lack legal awareness or financial resources. By prioritizing accessibility and efficiency, ODR distinguishes itself from traditional court-based adjudication and responds effectively to the needs of digital consumers.⁶⁶

C. PRACTICAL IMPACT ON CONSUMER DISPUTE RESOLUTION

In practical terms, ODR has demonstrated considerable effectiveness in resolving routine consumer disputes arising from e-commerce and digital services.⁶⁷ Issues such as delayed refunds, non-delivery of goods, defective products, misleading advertisements, and service deficiencies are well-suited for resolution through ODR mechanisms⁶⁸. These disputes often require quick corrective action rather than prolonged adjudication, which ODR is capable of providing. As a result, consumers benefit from faster resolution, reduced costs, and improved satisfaction with the grievance redressal process.

From a systemic perspective, ODR contributes significantly to judicial efficiency by diverting high-volume, low-value disputes away from consumer commissions and courts. This allows formal adjudicatory bodies to focus on complex cases involving substantial legal and factual issues.⁶⁹ Thus, ODR functions not merely as an alternative mechanism but as a complementary pillar within the broader consumer dispute resolution framework in the digital economy.

VII. CHALLENGES AND LIMITATIONS IN IMPLEMENTING ODR

Although Online Dispute Resolution has emerged as a promising mechanism for resolving consumer disputes in the digital economy, its implementation in India is accompanied by several structural, technological, and legal challenges⁷⁰. The effectiveness of ODR depends not only on technological innovation but also on social inclusion, legal certainty, and institutional trust. In a country marked by economic and digital diversity, these challenges become more pronounced⁷¹. If not adequately

⁶⁶ NITI Aayog, ODR Policy Plan for India (2021)

⁶⁷ NITI Aayog, ODR Policy Plan for India (2021).

⁶⁸ Consumer Protection (E-Commerce) Rules, 2020 (India).

⁶⁹ Supreme Court of India, *Afcons Infrastructure Ltd. v. Cherman Varkey Construction Co.*, (2010) 8 SCC 24.

⁷⁰ U.N. Comm'n on Int'l Trade L. (UNCITRAL), *Technical Notes on Online Dispute Resolution* (2017).

⁷¹ World Bank, *World Development Report 2016: Digital Dividends* (2016).

addressed, they risk limiting the reach of ODR and undermining its objective of enhancing access to justice for digital consumers.

A. DIGITAL DIVIDE AND ACCESS TO JUSTICE

The digital divide remains one of the most critical obstacles to the successful implementation of ODR in India⁷². While urban and technologically advanced populations can easily access online platforms, a significant proportion of consumers, especially in rural and semi-urban regions, lack stable internet connectivity, digital devices, and the necessary technical skills.⁷³ ODR platforms generally assume that users possess basic digital literacy, which excludes many individuals from participating effectively in online dispute resolution processes.⁷⁴

This exclusion has serious implications for access to justice. Consumer protection mechanisms are intended to safeguard vulnerable individuals; however, if ODR becomes the primary mode of dispute resolution without alternative access channels, it may further marginalise economically weaker sections.⁷⁵ Elderly consumers, persons with disabilities, and individuals with limited education are particularly disadvantaged. Therefore, while ODR enhances efficiency for digitally connected users, it simultaneously risks deepening existing inequalities unless supported by assisted access and inclusive digital infrastructure.

B. DATA PROTECTION AND CYBER SECURITY CONCERNS

Data protection and cybersecurity represent another significant limitation in the implementation of ODR⁷⁶. The functioning of ODR platforms involves the collection, storage, and processing of sensitive personal and financial information, including identity details, transaction histories, and confidential communications between disputing parties. The digital nature of these platforms makes them susceptible to cyber threats such as hacking, data breaches, and unauthorised access⁷⁷.

Concerns regarding confidentiality and privacy can significantly undermine consumer trust in ODR mechanisms.⁷⁸ In the absence of uniform data protection standards and clear accountability frameworks, users may fear misuse of their personal data. Such apprehensions discourage consumers

⁷² World Bank, World Development Report 2016: Digital Dividends (2016).

⁷³ Telecom Regulatory Authority of India (TRAI), The Indian Telecom Services Performance Indicators.

⁷⁴ OECD, Consumer Policy and the Digital Economy (2017).

⁷⁵ NITI Aayog, ODR Policy Plan for India (2021)

⁷⁶ Justice B.N. Srikrishna Committee, Report on Data Protection Framework for India (2018)

⁷⁷ World Economic Forum, Global Cybersecurity Outlook.

⁷⁸ Justice B.N. Srikrishna Committee Report, *supra*.

from engaging fully with ODR platforms and weaken the legitimacy of online dispute resolution systems⁷⁹. Ensuring robust cybersecurity safeguards, transparent data-handling practices, and consumer awareness is therefore essential for building trust and confidence in ODR.

C. ENFORCEABILITY OF ODR OUTCOMES

The enforceability of outcomes produced through ODR processes presents a significant legal challenge.⁸⁰ While decisions arising from online arbitration are enforceable under existing legal frameworks, outcomes achieved through online mediation or negotiation often lack binding force. In many cases, compliance depends on the willingness of parties rather than legal obligation, which can undermine the effectiveness of ODR.⁸¹

This lack of clarity regarding enforceability creates hesitation among consumers and service providers.⁸² Parties may be reluctant to invest time and effort in ODR if there is uncertainty about whether the outcome will be legally recognised or enforceable. Without statutory backing or streamlined mechanisms for enforcement, ODR risks being perceived as a supplementary grievance redressal process rather than a reliable dispute resolution mechanism.⁸³ Addressing enforceability concerns is therefore crucial to strengthening confidence in ODR and ensuring its long-term sustainability.⁸⁴

VIII. FUTURE PROSPECTS AND RECOMMENDATIONS FOR STRENGTHENING ODR

As digital transactions continue to dominate consumer markets, Online Dispute Resolution holds significant potential to become a central pillar of consumer protection in the digital economy⁸⁵. However, for ODR to evolve from an emerging alternative into a stable and trusted institutional mechanism, comprehensive reforms are required. These reforms must address legal recognition, institutional integration, and consumer-centric policy design. Strengthening ODR is not merely a

⁷⁹ Personal Data Protection Bill, 2019 (India).

⁸⁰ Arbitration and Conciliation Act, 1996 (India)

⁸¹ Lawrence Boulle, *Mediation: Principles, Process, Practice* (3d ed. 2011).

⁸² NITI Aayog, *Designing the Future of Dispute Resolution* (2021).

⁸³ OECD, *Consumer Policy and the Digital Economy* (2017).

⁸⁴ UNCITRAL, *Technical Notes on Online Dispute Resolution* (2017).

⁸⁵ Org. for Econ. Co-operation & Dev. (OECD), *Consumer Policy and the Digital Economy* (2017).

technological exercise but a systemic reform aimed at ensuring accessible, efficient, and equitable justice for digital consumers.⁸⁶

A. LEGAL AND REGULATORY REFORMS

One of the most critical steps towards strengthening ODR is the creation of a clear legal and regulatory framework⁸⁷. At present, ODR operates largely within existing ADR laws, which do not explicitly address online processes⁸⁸. There is a pressing need for statutory recognition of ODR under consumer protection and ADR frameworks to remove ambiguity regarding its legal status. Clear legislative provisions governing procedural standards, enforceability of outcomes, and oversight mechanisms would significantly enhance legal certainty.⁸⁹

Explicit recognition would also promote consistency and uniformity across ODR platforms, preventing arbitrary procedures and ensuring procedural fairness. When consumers and service providers are assured of legal validity and enforceability, confidence in ODR mechanisms is likely to increase, encouraging wider adoption.⁹⁰

B. INSTITUTIONAL AND TECHNOLOGICAL MEASURES

Institutional support plays a crucial role in mainstreaming ODR. State-supported or government-recognised ODR platforms can significantly enhance credibility and accessibility. Integrating ODR mechanisms with consumer commissions and regulatory bodies would allow disputes to be redirected seamlessly from traditional forums to online resolution platforms, thereby reducing backlog and delays.⁹¹

From a technological perspective, ODR platforms must prioritise inclusivity and ease of use.⁹² Features such as multilingual interfaces, assisted digital access, and user-friendly design are essential to ensure participation by consumers from diverse socio-economic backgrounds. Capacity-building initiatives, including training for mediators, arbitrators, and platform administrators, are equally important to maintain procedural quality and efficiency.

⁸⁶ Mauro Cappelletti & Bryant Garth, *Access to Justice: The Newest Wave*, 27 *Buff. L. Rev.* 181 (1978).

⁸⁷ NITI Aayog, *ODR Policy Plan for India* (2021).

⁸⁸ *Arbitration and Conciliation Act, 1996* (India).

⁸⁹ *Consumer Protection Act, 2019* (India).

⁹⁰ OECD, *Consumer Policy and the Digital Economy* (2017).

⁹¹ *Supreme Court of India, Afcons Infrastructure Ltd. v. Cherman Varkey Construction Co.*, (2010) 8 SCC 24.

⁹² World Bank, *World Development Report 2016: Digital Dividends* (2016).

C. POLICY RECOMMENDATIONS FOR CONSUMER- CENTRIC ODR

A future-oriented ODR framework must be fundamentally consumer-centric. Affordability and accessibility should be central policy considerations to ensure that ODR does not become a privilege limited to digitally literate users.⁹³ Strong data security and privacy safeguards must be embedded into ODR platforms to protect sensitive consumer information and build trust.⁹⁴

Policymakers should also encourage collaboration between regulators, e-commerce platforms, and ODR service providers. Such collaboration can help create a harmonised dispute resolution ecosystem where consumer grievances are addressed efficiently and transparently. By aligning regulatory objectives with technological innovation, ODR can evolve into a reliable mechanism that strengthens consumer rights in the digital economy.⁹⁵

IX. CONCLUSION

The rapid expansion of the digital economy and e-commerce in India has fundamentally altered the nature of consumer transactions and disputes.⁹⁶ While digital platforms have enhanced convenience, accessibility, and market efficiency, they have also exposed consumers to new forms of vulnerability, including information asymmetry, unfair trade practices, delayed redressal, and lack of effective accountability mechanisms.⁹⁷ Traditional litigation and conventional consumer dispute resolution forums have struggled to keep pace with the volume, speed, and transnational character of digital consumer disputes, thereby creating a significant justice gap. This paper has examined whether Online Dispute Resolution (ODR) can serve as an effective mechanism for resolving consumer disputes arising in the digital and e-commerce ecosystem in India.⁹⁸ The analysis demonstrates that ODR provides a viable and efficient alternative to traditional dispute resolution mechanisms, particularly for high-volume, low-value consumer disputes. By leveraging technology, ODR offers speed, cost-effectiveness, and accessibility, making it especially suitable for resolving routine e-commerce disputes

⁹³ Mauro Cappelletti & Bryant Garth, 27 *Buff. L. Rev.* 181 (1978)

⁹⁴ Justice B.N. Srikrishna Committee, Report on Data Protection Framework for India (2018).

⁹⁵ UNCITRAL, Technical Notes on Online Dispute Resolution (2017).

⁹⁶ World Bank, World Development Report 2016: Digital Dividends (2016).

⁹⁷ Org. for Econ. Co-operation & Dev. (OECD), Consumer Policy and the Digital Economy (2017).

⁹⁸ U.N. Comm'n on Int'l Trade L. (UNCITRAL), Technical Notes on Online Dispute Resolution (2017).

such as delayed refunds, non-delivery of goods, defective products, and service deficiencies⁹⁹. In this sense, ODR plays a crucial role in enhancing access to justice and restoring consumer confidence in digital markets. The study further highlights that the Consumer Protection Act, 2019 provides a supportive statutory foundation for the adoption of ADR and, by extension, ODR in consumer dispute resolution.¹⁰⁰ The Act's recognition of mediation, simplified procedures, and digital processes reflects a legislative intent to modernise consumer justice¹⁰¹. Although the Act does not explicitly define ODR, its flexible and technology-friendly framework implicitly facilitates the functioning of online dispute resolution mechanisms. Consumer Commissions, through their powers to refer disputes to mediation and adopt digital practices such as e-filing and virtual hearings, act as important institutional drivers in promoting ODR.¹⁰²

Additionally, the Consumer Protection (E-Commerce) Rules, 2020 play a significant role in strengthening platform accountability by imposing duties of transparency, fair trade practices, and time-bound grievance redressal on digital marketplaces.¹⁰³ However, the analysis reveals that while these Rules establish procedural safeguards, they do not adequately address the qualitative effectiveness or neutrality of platform-controlled grievance mechanisms. This gap underscores the need for integrating independent ODR systems within the regulatory framework governing e-commerce platforms.¹⁰⁴ At the same time, the paper identifies several challenges that limit the effective implementation of ODR in India.¹⁰⁵ The digital divide continues to restrict access to ODR for large sections of the population, particularly in rural and economically weaker regions. Concerns relating to data protection, cybersecurity, and confidentiality undermine consumer trust in online dispute resolution platforms¹⁰⁶. Further, the lack of clear statutory recognition and enforceability of outcomes arising from online mediation and negotiation weakens the credibility of ODR mechanisms. These challenges indicate that technology alone cannot ensure effective dispute resolution without adequate legal, institutional, and policy support. In light of these findings, the paper concludes that ODR holds substantial potential to bridge the justice gap in digital consumer disputes, but its success depends on comprehensive reforms.¹⁰⁷ Explicit statutory recognition of ODR, integration with consumer

⁹⁹ Ethan Katsh & Janet Rifkin, *Online Dispute Resolution: Resolving Conflicts in Cyberspace* (2001).

¹⁰⁰ Consumer Protection Act, 2019 (India).

¹⁰¹ Consumer Protection (Mediation) Rules, 2020 (India).

¹⁰² NITI Aayog, *ODR Policy Plan for India* (2021).

¹⁰³ Consumer Protection (E-Commerce) Rules, 2020 (India).

¹⁰⁴ NITI Aayog, *Designing the Future of Dispute Resolution* (2021).

¹⁰⁵ World Bank, *Digital Dividends*, *supra*.

¹⁰⁶ Justice B.N. Srikrishna Committee, *Report on Data Protection Framework for India* (2018).

¹⁰⁷ NITI Aayog, *ODR Policy Plan for India* (2021).

commissions, inclusive and user-friendly technological design, robust data protection safeguards, and collaborative engagement between regulators, platforms, and ODR providers are essential to institutionalize ODR as a reliable consumer protection mechanism. Ultimately, strengthening ODR is not about replacing traditional courts or consumer forums, but about complementing them by aligning dispute resolution systems with the realities of the digital economy.¹⁰⁸ A well-designed, consumer-centric ODR framework can play a transformative role in ensuring timely, affordable, and effective justice for digital consumers in India.¹⁰⁹

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¹⁰⁸ *Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co.*, (2010) 8 SCC 24 (India).

¹⁰⁹ Mauro Cappelletti & Bryant Garth, 27 *Buff. L. Rev.* 181 (1978).

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