

**ADR MECHANISMS IN RESOLVING CONSUMER DISPUTES: A
STUDY IN THE INDIAN CONTEXT**- Ayush Khare¹**Introduction**

Justice Warren Burger, the former CJI of American Supreme court had observed: *“the harsh truth is that we may be on our way to a society overrun by hordes of lawyers, hungry as locusts, and bridges to judges in number never before contemplated. The notion that ordinary people want black-robed judges, well-dressed lawyers, fine paneled court rooms as the setting to resolve their disputes, is not correct. People with legal problems like people with pain, want relief and they want it as quickly and inexpensively as possible”*. Consumer disputes, which involve everything from subpar goods to inadequate services, form an unavoidable part of business dealings in any market. Efficient and equitable resolution of disputes is pivotal for promoting consumer trust and upholding fair trade practices in India, given the country’s diversified socio-economic structure and expanding consumer market. In addition to causing serious harm to companies, this drawn-out procedure erodes public confidence in the effectiveness of a nation’s judicial system.

Despite the existence of consumer protection laws in India, businesses and consumers find it costly, time-consuming and challenging to resolve these types of disputes through traditional litigation system.

The primary goal of this research is to assess how well *Alternative Dispute Resolution* (ADR) methods work to expedite the settlement of consumer disputes and clear the backlog of cases. To that end, this paper will closely examine numerous provisions found in the ‘Arbitration and Conciliation Act, 1996’, which ultimately serves as the foundation for Indian Arbitration

¹ Student at Symbiosis Law School, Nagpur

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

practices. The study also identifies the domains in the current legislative framework which needs improvement by critically assessing its advantages and disadvantages.

Additionally, a comparative examination of ADR mechanisms in other nations acknowledged for possessing strong dispute settlement mechanisms would provide a valuable data for this research. To learn about different procedures, best practices, and institutional structures that support effective consumer dispute resolution, the Brazil, China, Mexico and United Kingdom's mechanisms will be specifically examined. The study evaluates models from various countries to identify answers and useful implications that could be applied in Indian setting.

This study will also assess the need for an efficient consumer dispute resolution process in India, in addition to closely examining global methodology and legislative frameworks. The ultimate objective of the study is to offer specific recommendations for enhancing India's ADR procedures so that businesses and consumers can be better served. In addition to enhancing access to justice, this would also increase public faith in the judicial system.

Literature Review

1. *Prof. K.N. Chandrasekharan Pillai, Ms. Jaya V.S and Mr. Vishnu Konoorayar. K, ADR: Status/ Effectiveness Study*²

In this document the Director and the Assistant Professors of Indian Law Institute have meticulously conducted their study in three stages: data collection, analysis and report writing. Initially, identifying research organizations with a strong track record of empirical research in law in the three major cities posed a challenge which was resolved by selecting specific academic departments and institutions. Researchers, equipped with LL. B degrees, were appointed in these cities and were provided with detailed guidelines, questionnaires, and proformas for data collection from various sources including case records, public opinions, interviews with legal professionals, and the assessment of arbitration mechanisms. Bureaucratic obstacles made it difficult for the researchers to secure Court documents, but in the end, they were granted permission to gather data, which guaranteed the study's thoroughness.

² Pillai, K. & S., Jaya & Konoorayar, Vishnu. (2014). ADR: Status/Effectiveness Study. SSRN Electronic Journal. 10.2139/ssrn.2535079.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

The paper explores several aspects of Alternative Dispute Resolution (ADR) in India and is divided into six chapters. The issue of case pendency is first addressed, and then using empirical data, the effectiveness and current state of ADR initiatives- such as mediation and ad hoc arbitration are examined. The study assesses the efficacy of additional ADR methods as well, like Lok Adalat's. The paper ends with recommendations and emphasises the necessity of creating the best institutional ADR mode in India in order to increase its efficacy.

2. *Ursa Jeretina and Alan Uzelac,*

*Alternative Dispute Resolution for Consumer Cases: Are divergence an obstacle to effective access to Justice?*³

This article published in International Public Administration discusses the effectiveness of Consumer Alternative Dispute Resolution (CADR) as a means of resolving disputes between consumers and businesses. While CADR is praised for its flexibility, speed and cost- effectiveness in theory, its practical implementation falls short of expectations due to lack of awareness among both businesses and consumers.

The paper outlines obstacles to the growth of CADR and emphasises the importance of analysing it, especially in the context of compensatory collective remedy. It also discusses the attempts undertaken by the EU to create flexible CADR policies within its member states through directives and regulations; nonetheless, difficulties still exist, including problems with funding, oversight, and harmonising CADR procedures across different legal systems. Instances of disparate CADR processes in adjacent nations, such as Slovenia and Croatia in the Western Balkans, highlight the intricacy of putting in place efficient CADR frameworks.

3. *The NITI Aayog Committee on ODR, Designing the future of Dispute Resolution, the ODR policy plan for India.*⁴

³Jeretina, Urša& Uzelac, Alan. (2014). Alternative Dispute Resolution for Consumer Cases: Are Divergences an Obstacle to Effective Access to Justice? International Public Administration Review. 12. 39-74. 10.17573/ipar.2014.4. a02.

⁴ Designing the Future of Dispute Resolution: The ODR Policy Plan for India, NITI Aayog Expert Committee on ODR, October 2021

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

ADR, which is often equated with electronic alternative dispute resolution, or e-ADR, is a broader concept than only online dispute resolution. The success of online dispute resolution (ODR), is attributed to its affordability, practicality, and capacity to enable remote resolution by utilising asynchronous communication and doing away with the requirement for the physical presence, thereby reducing unconscious biases.

The potential of ODR to reduce Court workloads and expedite case resolution is emphasised in the paper. In addition to implementing e-Lok Adalat's, it suggests integrating ODR within government departments and Court-annexed ADR centers for internal conflicts. However, a supportive ecosystem including increased digital literacy and improved access to technology is required for the successful implementation of ODR in India. The report outlines recommendations for improving accessibility, capacity building, trust creation, regulatory framework design, and phased implementation to effectively realise this vision. It is evident that there has been broad consensus and collaborative efforts.

4. *Reply of an unstarred question by Minister of Law and Justice of India Shri Arjun Ram Meghwal on 07.12.2023⁵*

This document contains the response to an unstarred question posed by Srimati Priyanka Chaturvedi, a Member of Parliament replied by Honorable Deputy Minister of Law and Justice of India. The minister was consulted over all aspects of alternative dispute resolution in India, this includes the actions done by the government to assist ADR, the length of time that ADR bodies typically take to resolve cases in comparison to traditional judicial processes, the amount of funding given to ADR bodies over the last five years, and the total number of ADR bodies in each State. The question also centered on whether the government has established special protocols to oversee the operations of ADR bodies and campaigns to increase public knowledge about ADR.

The reply given by the Government of India has addressed all the questions asked by the MP. In its answer it has mentioned various measures implemented by the Government to

⁵ Government of India, Ministry of Law and Justice, Department of Legal Affairs, Rajya Sabha Unstarred Question No. 586

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

promote ADR mechanism. Legislative reforms, including amendments to the Arbitration & Conciliation Act, 1996 and enactment of other laws. It has a question of the funds allocated by the Ministry for ADR, however specific data on the average time taken by ADR bodies, the financial support allocated to them, and the number of ADR bodies across states are not provided

Statement Of Problem

Despite the existence of consumer protection legislation, prolonged consumer disputes resolution continues to pose a serious difficulty both for the consumers as well as the businesses. Traditional legal procedures are frequently protracted, expensive, and onerous for the public as well as the industries resulting in hefty amount of losses, which causes delays in the resolution of complaints and undermines public confidence in the system. Even though Alternative Dispute Resolution methods like negotiation, mediation and arbitration are cost-effective, time- saving etc., however, with the increasing consumer dispute cases and efficient and fast disposal of cases certain changes should be incorporated in the Act and the legal system. Moreover, with the evolving times our legal system should adapt to the changing needs.

Scope Of The Study

The primary aim of the study is to determine how well India's Alternative Dispute Resolution (ADR) mechanisms work to reduce the number of Court cases and to offer specific recommendations for developing a robust institutional ADR framework in India. For this purpose, the scope of the study is limited to jurisdictions of India and some other countries, namely, Brazil, China, United Kingdom and Mexico.

Hypothesis

The effective implementation and utilization of Alternative Dispute Resolution (ADR) mechanism, such as arbitration, mediation and negotiation, significantly contribute to the timely and cost-efficient resolution of consumer disputes in Indian context. This study hypothesizes that ADR mechanisms, when properly employed, foster a fair and equitable resolution of disputes between consumers and businesses, act as an incentive for foreign companies to establish in India, increase consumer satisfaction and lastly, improve access to justice.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

Objectives

1. To study the need for an efficient consumer dispute resolution system in India
2. To study the current framework of ADR mechanisms in consumer disputes
3. To examine the methods and provisions of effective dispute resolution in other countries

Research Methodology

The method of research adopted by the researcher is the Doctrinal method. The researcher would analyse the Arbitration and Conciliation Act, 1996, Consumer Protection Act, 1986, statutes, case laws, articles, essays and books.

Current framework for Consumer disputes resolution in India

A country's consumer dispute resolution system plays a vital role in protecting consumer rights, promoting fair market practices and ensuring economic stability. Systems are crucial for safeguarding consumers against unethical behaviour, instilling confidence and security in market transactions as a result. As a result, consumers feel more comfortable participating in the economy, which leads to increased economic activity. Furthermore, business companies are also held liable for not adhering to quality and safety parameters by means of consumer dispute resolution processes, relieving the load on the legal system by providing skilled, practical and affordable substitutes like arbitration and mediation. This not only accelerates the resolving process but also increases public accessibility. Robust mechanisms for resolving disputes and safeguarding consumers also attract foreign companies and investors, which stipulates a stable and an ethically sound business environment. The consumer dispute resolution system is relevant because it provides multiple resources to address and resolve consumer issues pertinent in present times. Moreover, these tools also aid in the system's adaptation to new issues brought about by e-commerce and digital transactions.

A comprehensive analysis of the ongoing regulatory framework of consumer dispute resolution in India is important. Before realising the importance of an effective alternative dispute resolution (ADR) mechanism. This foundation is also necessary to strengthen the mechanisms that uphold the rights of consumers and advance market equity.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

© 2024 International Journal of Advanced Legal Research

Including India, many nations across the globe have implemented various legislative measures to acknowledge consumers basic rights. Before the enactment of the specific consumer laws in India, there existed general laws that indirectly addressed consumer interests. These laws such as the Indian Contract Act, 1872⁶ and the Sales of Goods Act, 1930⁷, established a regulatory structure that held people in authority liable for their actions. However, pursuing justice through traditional litigation system was costly and time-consuming, thus rendering it unfeasible for disputes with small claims. The Commission on Monopolies and Restrictive Trade Practices (MRTP) provided a more efficient substitute for traditional Court systems, however its presence in New Delhi presented challenges for those people residing in remote regions. These challenges highlighted the need for legal reforms that safeguarded consumer rights and provided simpler, more accessible and cost-effective remedies. As a result, the Consumer Protection Act was introduced in 1986, establishing a three tier quasi-judicial system for resolving consumer grievances at the district, state, and national levels. The effectiveness of the Act was further enhanced by the Consumer Protection (Amendment) Act 2002, which came into effect on March 15, 2003, ensuring that the consumers input receive timely remedies.

This Act went through various changes to adapt to the effects of economic liberalization, market globalization and the digitalization of products and services. However, the practical implementation of the Act faced challenges in fully achieving its goal of enhancing consumer protection as a socio-economic legislation. The Consumer Protection Act of 2019⁸ introduces a contemporary framework for consumer rights in India reflecting the evolving expectations of present-day consumers. Expanding on the fundamental principles of the groundbreaking 1986 Act, the new act tackles the intricacies of a progressively complex and interconnected market for goods and services.

The following key provisions have been introduced in the new Act:

- **Revised pecuniary and territorial jurisdiction**

⁶ The Indian Contract Act, 1872, No. 9, Acts of Parliament, 1949 (India)

⁷ The Sale of Goods Act, No. 3, Acts of Parliament, 1949 (India)

⁸ The Consumer Protection Act, 2019, No. 35, Acts of Parliament (India)

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

Under the new Act, the territorial and pecuniary jurisdiction of consumer disputes have been changed, the scope of the territorial jurisdiction has been widened to include the complainant's place of residence or business, in addition to that of the opposite party and the place of occurrence of the cause of action.

The pecuniary jurisdiction of the District, State and National Commissions has been revised as below:

1. District Commission- up to Rs 1 crore
2. State Commission- between Rs 1 crore to Rs 10 crore
3. National Commission- above Rs 10 crore

- **Establishment of a Regulatory Authority**

The Central Consumer Protection Authority (CCPA) is currently being established with the ability to take action on its own or in response to complaints or directions from the central government. The CPA will oversee and investigate issues such as violation of consumer rights, unfair trade practices and deceptive advertising and will have the authority to enforce class action lawsuits. The activities of the CCPA will include:

- Filing complaints or intervening in ongoing cases before the District, State or National Commissions.
- Developing guidelines to deter unfair trade practices and prevent deceptive advertising.
- Issuing directives for the recall of unsafe or hazardous products and services requiring refunds and stopping consumer unfriendly practices.

If there is a need to challenge decisions made by the CCPA, such appeals must be made to the National Consumer Dispute Redressal Commissions within 30 days of the issuance of the order.

Furthermore, advisory councils at the central, state and district levels will be established to provide insights and recommendations on promoting and safeguarding consumer rights.

- **Mediation**

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

Under the new framework mediation is now available as an alternative method for resolving disputes if there is a possibility for resolution between the parties involved in a dispute, the district, state or National Commission may request written consent from the parties to engage in mediation.

- **Penalties and Punishments**

The law imposes harsh penalties for the production, storage, sale, distribution, or importation of products containing harmful substances or considered fake. The severity of the punishment varies depending on the level of harm caused. It can range from a minimum of six months imprisonment and a fine of ₹1,00,000 to a maximum of seven years imprisonment and fine of ₹5,00,000. If such actions result in the death of a consumer, the offender may face life imprisonment and a fine of ₹10,00,000 with the minimum imprisonment of term of seven years.

On the other hand, any unjustified searches and seizures conducted by the Director General or other officers can lead to legal consequences, including imprisonment for up to one year and a fine of up to 10,000, or both.

- **Product Liability and Product Liability Action**

If a product fails to meet warranty requirements or lacks clear usage instructions, the responsibility lies not only with the manufacturer, but also with the seller. The seller can be held accountable if they have a significant impact on the design, testing, or packaging of the product, or if they make any modification that leads to harm.

- **Introduction of Unfair Contracts and Expanded Scope of Unfair Trade Practices**

A contract is considered unfair when it is made between a manufacturer, trader or service provider and the consumer and significantly changes the consumer's rights. If there are any complaints about such contracts, they can be brought to the attention of either the State Commission or National Commission. The legislation has identified six types of unfair contracts:

1. Contracts that require the consumer to pay an excessively high security deposit.
2. Contracts that impose a reasonably high penalty on the consumer for breaking the contract.
3. Contracts that punish consumers for repaying their debts early.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

4. Contracts that allow one party to end the contract without a valid reason.
5. Contracts that let one party transfer the contract to another party without the consumer's approval to the detriment of the consumer.
6. Contracts that place the consumer at a disadvantage by subjecting them to unfair charges, obligations or conditions.

The definition of unfair trade practices has been expanded to include the following actions.

- Failing to provide the consumer with a bill, cash, memo, or receipt for the purchase of goods or services in the proper manner.
- Failing to accept the return of faulty goods or seized inadequate service and provide a refund within the specified time frame mentioned in the invoice or receipt or within 30 days if no time frame is stated.
- Revealing confidential personal information shared by the consumer to others, unless permitted by existing laws.
- **Legislative framework in India promoting efficiency in ADR mechanisms**

India has achieved a great deal in improving the effectiveness of alternative dispute resolution (ADR) systems, especially in cases involving consumers. The objective of this study is to provide effective ways to make alternative dispute resolution processes like arbitration, mediation and conciliation more effective, approachable and customer focused on consumer disputes.

Alternate dispute resolution offers consumers a cost effective and practical alternative to litigation, saving time and money. There are different approaches that can be used, including arbitration, conciliation, mediation and assisted negotiation.

With the assistance of an impartial third party, the parties can come to an agreement through mediation, conciliation or assisted negotiation fully. Alternatively, in arbitration, in order to reach a definitive and legally enforceable conclusion, information must be obtained from an

impartial third party. The use of information and communication technology (ICT) has resulted in the growing probability of online alternative dispute resolution.⁹

Mediation under The Consumer Protection Act, 2019¹⁰

The mediation cells under the Consumer Protection Act are established at three different levels, National, State and District. These cells are interconnected to their respective commissions and serve as a valuable alternative for resolving disputes in a structured and localized manner.

Establishment and Maintenance:

The State Government sets up the consumer mediation cells at both the district and state Commission levels while the central government establishes them at the National Commission and its regional benches.

Record- Keeping:

Each cell is responsible for maintaining a record of empaneled mediators, case proceedings and other relevant information as per the regulations.

Quarterly reporting:

Mediation cells are required to submit quarterly reports to the Commission, they are associated with providing details of their activities and compliance following specific regulatory guidelines.

Empanelment of Mediators:

Based on the recommendations from a selection committee, a panel of mediators is carefully curated. This panel remains valid for five years and can be renewed for subsequent terms. The suitability of mediators for specific consumer disputes is assessed to ensure effective resolution.

Mediator Responsibilities:

- Mediators must disclose any personal, professional or financial interest that could potentially affect their impartiality. They are also required to disclose any circumstances that may raise doubts about their independence.

⁹Supra note 1

¹⁰Supra note 5

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

- Mediators must maintain the integrity of the mediation process.

Process of Mediation:

Consumer mediation cells are attached to the respective commissions, conduct mediation sessions. When a dispute is referred for mediation, mediators take into account all relevant factors such as the parties' rights and obligations, trade practices and the dispute's context. They do so while adhering to the principles of natural justice.

Settlement and Reporting:

If a settlement is reached, it is documented and signed by the parties or their representatives. The mediator then prepares a settlement report and submits it to the Commission. In case where no settlement is achieved, the mediator creates a report stating that no agreement could be reached or that settlement is not possible. This report is then submitted to the Commission.

Online Dispute Resolution (ODR)

Online dispute resolution is the use of the Internet to resolve conflicts and it takes different forms and different countries for the stock. ODR is considered a forerunner to the future of resolving disputes in the digital age and falls under the category of electronic arbitration. To conduct arbitration online, parties typically communicate through e-mail to agree on applicable laws, sign a Digital Arbitration Agreement and determine the server location for hosting the arbitration and where the arbitrators award will be signed. The term “online” in this context refers to communication through electronic means, primarily the Internet, including the use of phones, fax, e-mail or other Internet based technologies and tools for resolving disputes.¹¹

Traditional methods of resolving disputes, such as courts and tribunals, are often seen as burdensome and time consuming. In response, alternative dispute resolution methods like arbitration, mediation and conciliations have been developed to offer quicker resolutions. ODR stands out among these methods for its efficiency and speed. In India, the potential advantages of ODR are significant, but realizing these benefits, relies on having a strong and reliable ODR infrastructure.

¹¹*Supra note 3*

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

Some of the ODR Mechanisms provided by Ministry of Consumer Affairs are:

National Consumer Helpline (NCH)

This project envisions the importance of a telephone helpline to assist the consumers with various issues they face in their day-to-day business and service providers interactions.

Integrated Consumer Grievance Redressal Mechanism (INGRAM)

This initiative by the ministry of consumer affairs aims to provide a platform where consumers can voice their complaints and concerns to companies which have partnered with the National Consumer Helpline (NCH). A “Consumer App” has also been launched by the Ministry of Consumer Affairs to streamline this procedure. Its ultimate purpose is to gather consumer complaints and guarantee that they are promptly resolved.

A robust and a long-lasting online dispute resolution system cannot be completely supported by the provisions included in the Information Technology Act of 2000. Furthermore, impeding ODR's progress is India's dearth of institution specifically focused on ODR research, education, training and policy. To increase the effectiveness and accessibility of ODR, there is a critical need for organized support and funding in this area.

Arbitration and Conciliation Act, 1996 (as amended in the year 2015 and 2019).

The 1996 Arbitration and Conciliation Act is a significant piece of legislation in India as it provides a framework for arbitration proceedings and an alternative to litigation for the settlement of civil disputes. It also attempts to create a peaceful and successful method of settling disputes by taking cues from the UNCITRAL Conciliation Rules of 1980 and UNCITRAL Model Law on International Commercial Arbitration of 1985. The ultimate objective of the Act is to relieve the judiciary of some of its burden by facilitating an informal, quick and effective resolution of dispute through conciliation and arbitration.

At first, the act was praised for offering a quick and affordable substitute for conventional litigation. But as local and international business practices developed some of the acts, inadequacies became apparent, especially given how complex and quick commercial disputes can be. As a result, notable changes are implemented in the year 2015 and other such years.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

© 2024 International Journal of Advanced Legal Research

Equity in the year 2019, the goal of increasing the attractiveness and viability of arbitration for domestic and international organizations.

The 2015 amendments¹² introduced various significant changes aimed at streamlining the arbitration process and the enforcement of arbitral awards. Within a year, with the possibility of six months extension granted by all the parties an award could be obtained. However, any further extensions would require good approval. The amendments also aimed to strengthen the qualification and disclosure norms of arbitrators in order to enhance their independence and impartiality.

The 2019 amendment act¹³ brings forth various significant changes to the existing rules and introduces new ones to improve the effectiveness of this method of dispute resolution. One significant development made by this Act, is the establishment of Arbitration Council of India (ACI), the main task of this authority is evaluate and rank arbitral institutes in which parties may approach for the appointment of arbitrators. This will lessen the workload for the Courts . Professional associations will now accredit arbitrators according to their credentials and background. Furthermore, it clarifies the applicability of the Amendment Act of 2015, stating that it only applies to arbitral proceedings initiated on or after October 23, 2015, and to code proceedings linked to such arbitral proceedings.

Best International Practices of ADR Mechanisms in resolving Consumer disputes

The concept of ADR emerged in the 1970s in the US as a response to the need for more efficient alternatives to litigation. In the present times, ADR has gained global traction due to its proven effectiveness in resolving disputes. While the search for better dispute resolution methods has existed since ancient times, it is only in the past few decades that ADR has been embraced by the legal system. Recently, ADR has become an integral part of her coat systems worldwide.

As global trade, investment and private businesses continue to expand rapidly, dispute resolution systems face new challenges. Just as domestic codes have struggled to meet the demands brought

¹² The Arbitration and Conciliation (amendment) Act, 2015, No. 3, Acts of Parliament, 1949 (India)

¹³ The Arbitration and Conciliation (amendment) Act, 2019, No. 33, Acts of Parliament, 1949 (India)

by growing economies and social activities, international dispute resolution also needs to adapt. An International Alternative Dispute Resolution system combining traditional and new approaches has already been established and will undoubtedly be further refined in the future.

Western legal traditions have a long history of using various methods to resolve disputes. As global trade expanded, new mechanisms for resolving international commercial disputes emerged that were not reliant on traditional government-controlled Courts.¹⁴

Countries having effective consumer dispute resolution mechanisms

- **Brazil**

In the year 2014, Brazil had established its national ODR platform, www.consumidor.gov.br, it is a publicly funded service that offers businesses and consumers in Brazil a free online platform to resolve their disputes through direct communication. SENACON manages the platform with the assistance of 15 civil servants including five experts. The platform's main focus is on facilitating dialogue and does not involve mediation or adjudication. SENACON also monitors the platform for any systematic market issues.

Various government and civil society organisations such as the Consumer Protection Foundation Public Defenders Offices and Public Ministries support this platform. Although it is not an administrative procedure itself, www.consumidor.gov.br works alongside traditional state and municipal dispute resolution services like PROCONS, the Public Defender's Office and special civil courts, offering consumers alternative options for resolving their issues.

The platform primarily targets businesses in essential service sectors that have high transaction. Participation is mandatory for businesses with a significant market share and. Entry for others. Businesses must register and agree to the platform's terms to take part. When a consumer files a complaint, businesses are given 10 days to respond, and consumers then have 20 days to accept or reject the response.

Information such as types of resolution, the time frame of completion of resolution and customer satisfaction is gathered to evaluate and compare businesses. This promotes transparency and

¹⁴*Supra note 4*

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

motivates businesses to improve their customer service and product quality. SENACON currently utilizes this data to create yearly reports showcasing the effectiveness and cost savings of the platform. Since its establishment in 2014, www.consumidor.gov.br has successfully addressed over 4 million complaints, resolving around 80% of them within an average of seven days. This has resulted in some substantial savings by avoiding potential legal expenses, estimated to be in the billions of Brazilian reais.¹⁵

- **China**

China witnessed a rise in consumer disputes after it emerged as a leader in global B2C cross-border e-commerce in the year 2018. To address this issue the country established a national online dispute resolution platform in March 2017 which was integrated with existing national hotline 12315. this initiative is in line with China's consumer rights protection law which has been in effect since 1993 and underwent revisions in 2013. Managed by the State Administration for Market Regulation (SAMR), the www.12315.cn platform operates 24/7 and is staffed by 92,000 employees across different levels of the market regulation department. It serves as a centralized platform for consumer complaints covering various sectors excluding finance and healthcare.

The platform's advanced system enables consumers to file complaints against companies by pinpointing their location on a digital map automatically assigning the cases to the appropriate jurisdictional authority. Although regional 12315 services still exist, allowing complaints to be registered via telephone, fax and in person, the online platform simplifies the process of handling cases, encourages negotiation and if necessary, facilitates third party mediation, resulting in time and source resource savings for all the parties involved. Applied in 2021, the platform effectively handled disputes involving millions of businesses and successfully recovered substantial financial losses for consumers.¹⁶

Local consumer groups use advanced systems to manage cases and interact with major Chinese online shopping platforms, improving the efficiency of resolving disputes. Moreover, large

¹⁵ SENACON (2021): Interview. Also see, Schmidt-Kessen MJ, Nogueira R and Cantero M (2019). 'Success or Failure? - Effectiveness of Consumer ODR Platforms in Brazil and in the EU.' Copenhagen Business School Law Research Paper Series No. 19-17.

¹⁶ <https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/global-e-commerce-trendsreport.pdf>

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

ecommerce and E payment companies like jd.com, Taobao, Alipay and WeChat Pay have their own complaint resolution system that handles a significant proof.

- **United Kingdom**

The United Kingdom's approach to resolving consumer disputes is influenced by the European Union's ADR Directive and ODR regulations. These regulations were incorporated into the UK law through the Alternative Dispute Resolution for Consumer Dispute Regulations 2015. However, since Brexit, the UK is no longer connected to the EU's ODR platform, and the future of cross-border consumer dispute resolution is uncertain.

In the UK, the Chartered Trading Standards Institute (CTSI) is responsible for overseeing non-regulated sector consumer dispute resolution bodies. There are currently 59 approved schemes, many of which are based on the Ombudsman model. These consumer dispute resolution entities are typically established in three ways.

Through statutory means, where a body is created by law.

Statute underpinned where legislation requires coverage by a dispute resolution scheme.

Voluntary where a trade organization independently sets up a dispute resolution scheme.

One key statutory body is the Financial Ombudsman Service, which plays a significant role in resolving financial disputes. As a major ombudsman scheme in the UK., the FOS offers a free service for consumers to raise complaints. The FOS has a diverse workforce with various professional backgrounds. It is funded through a combination of levies and fees from the financial sector. Before the FOS intervenes, businesses are required to make efforts to resolve disputes on their own.¹⁷

In order to improve its CDR process, FOS has been successful in resolving a significant majority of the 3.9 million complaints it has received since 2001. These resolutions have primarily been achieved through early informal reviews. The decisions made by the Ombudsman are cleansed, final and binding, which has created a strong sense of trust among both consumers and

¹⁷ *Consumer Dispute Resolution in the World*, (Mar. 19, 2024), https://unctad.org/system/files/official-document/ditccplp2023d2_en.pdf.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

businesses. To date, FOS has managed to recover more than GBP 150 million for consumers affected by fraudulent activities and scams.

Furthermore, in the UK there are various voluntary CDR bodies. However, the absence of a centralized access point can make it difficult for consumers to navigate the system. To address this issue the Ombudsman Association has been advocating for a mandatory ombudsman specific to different sectors.

- **Mexico**

Mexico's B2C e-commerce market has experienced substantial growth, with annual increases of more than 20% since 2017. By 2020 it had reached nearly \$39 billion, despite only 39% of Mexicans shopping online that year. Interestingly, many Mexicans have engaged in cross-border transactions, revealing potential areas for infrastructure improvements to further enhance the digital economy.

To adapt to the changing market, Mexico implemented the national consumer dispute resolution (CDR) platform known as *Concilianet* in 2008. The Federal Consumer Prosecutors Office (PROFECO) manages this platform, which operates under the Federal Consumer Protection Law. *Concilianet* offers both. Offline and online conciliation processes, including arbitration and legal actions for non-compliance. It facilitates initial negotiations, called 'Pre-conciliation', between consumers and businesses. If these negotiations fail, the platform provides access to a formal conciliation hearing. Unique features such as 'Group Conciliation' enable the connective resolution of disputes, particularly those involving airline customers.¹⁸

Concilianet is a comprehensive solution that covers various sectors with the exception of financial and certain professional services, which have their own CDR mechanisms. In the year 2020, it successfully resolved 88% of its 11,820 cases, recovering more than \$1.7 million for consumers. However, encouraging broader adoption by businesses remains significant.¹⁹

A conciliation hearing is arranged following the PROFECO review of the matter to ascertain its eligibility, which is the first step in the *Concilianet* resolution process. Businesses who disregard

¹⁸*Supra note 16*

¹⁹<https://www.jpmorgan.com/content/dam/jpm/treasury-services/documents/global-e-commerce-trends-report.pdf>.

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

the rulings of these hearings risk fines. The decisions made at these sessions are legally binding. In order to keep improving its services, PROFECO also gathers input from customer satisfaction surveys. PROFECO's CARE department offers specialized support for conflicts involving foreign parties, enabling customers of any nationality to properly file complaints with Mexican firms under Mexican law and, if necessary, even international law.

These countries demonstrate a robust dedication to enhancing consumer protection via diverse forms of alternative dispute resolutions, such as online platforms for arbitrary resolution, extensive legal frameworks, and to active engagement with businesses and customers to foster confidence and guarantee effective dispute resolution. India can serve its sizable and growing digital customer base by implementing comparable online platforms that provide a more approachable and user-friendly method of resolving consumer complaints.

Furthermore, sector specific ombudsmen services might be established in India by following the methodical methodology of the UK Financial Ombudsman Service, which offers findings that are both legally binding and clear while also fostering customer trust. This could be essentially helpful in companies where disagreements are frequent and call for certain expertise to settle.

By implementing these global strategies, India might improve the efficiency of its consumer dispute resolution mechanisms, along with this, it will turn out to be effective in boosting consumer trust, encouraging ethical corporate practices and contributing to the development of an overall thriving digital economy. By combining consumer education, strong legislative frameworks and online accessibility, India can greatly enhance the protection of consumer rights.

CONCLUSION

Several long-standing challenges, like inaccessibility and inefficiency, plague India's dispute resolution system in present times. In India, resolving disputes requires a substantial time and resource commitment due to delays and backlogs of cases in traditional Courts and Tribunals. Even though India's ranking in World Bank's ease of doing ranking has recently improved, the persistent delays have negatively impacted on the willingness of foreign companies to conduct business in India. Laws designated to create an Alternative Dispute Resolution (ADR) have not been able to settle the disputes in a cooperative manner, nevertheless ADR procedures have the

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

© 2024 International Journal of Advanced Legal Research

ability to successfully settle a variety of disputes when applied correctly, ranging from consumer to family disputes and even intellectual property disputes.

In order to overcome these obstacles, ICT procedures and new innovations that improve accessibility and efficiency for all societal members will be key components of dispute resolution in future. In order to accomplish this objective, online dispute resolution (ODR) can turn out to be most effective.

Furthermore, this can offer a widely available method of resolving disputes, which will eventually lessen the load on the established legal system, through decentralisation of Alternative Dispute Resolution mechanisms in India. ODR has the capability to enable the innovators to design focused procedures to efficiently settle disputes. These focused innovations will address the particular difficulties that various groups encounter and satisfy the various needs our society has for conflict resolution. The development and application of this cutting-edge technologies in dispute resolution, as suggested by this study, should be regulated by the government.

Online Dispute Resolution platforms have increased the availability of dispute resolution by providing services that are both affordable and easily accessible. By putting in place a continuous auditing and accreditation system, the government might control ODR in a more proactive manner. The way in which this ecosystem responds to the current guideline framework in the future will determine whether or not these activities are necessary.

India may also investigate Alternative Dispute Resolution (ADR) methods used in other nations, such as the *Concilianet* platform in Mexico and the Consumer platform in Brazil, which have handled a significant number of consumer issues in their respective countries. Other techniques such as Mediation and Lok Adalats have also made great strides in achieving their objectives.

To increase the efficiency of ADR it is recommended that India should develop a national ADR policy. The prime objective of this policy should be to effectively settle disputes involving both domestic and foreign parties by offering a comprehensive framework for ADR techniques. Such a policy would also further the guiding principles and ideals by putting such a policy into practice by encouraging dispute settlement culture.

LIST OF REFERENCES

For general queries or to submit your research for publication, kindly email us at editorial@ijalr.in

<https://www.ijalr.in/>

© 2024 International Journal of Advanced Legal Research

PRIMARY SOURCES

1. The Arbitration and Conciliation Act, 1996
2. The Consumer Protection Act, 2019

SECONDARY SOURCES

1. Reply of an unstarred question by Minister of Law and Justice of India Shri Arjun Ram Meghwal on 07.12.2023
2. Prof. K.N. Chandrasekharan Pillai, Ms. Jaya V.S and Mr. Vishnu Konoorayar. K, ADR: Status/ Effectiveness Study
3. Ursa Jeretina and Alan Uzelac, Alternative Dispute Resolution for Consumer Cases: Are divergence an obstacle to effective access to Justice?
4. The NITI Aayog Committee on ODR, Designing the future of Dispute Resolution, the ODR policy plan for India.