



ODR IN E-COMMERCE CONSUMER PROTECTION IN INDIA: LEGAL FRAMEWORK, CHALLENGES AND THE WAY FORWARD

Harini P*

ABSTRACT

An increase in the use of e-commerce platforms and digital services in India changes the consumer interaction with businesses in India. The online transactions make convenience and wider choices for customers, at the same time, it leads to the rise of consumer complaints such as delay in deliveries, receiving defective goods, misleading information, a weak grievance redressal system, etc. Traditional court systems are not able to give quick solutions for these disputes due to high cost, procedural delays, etc. To address these issues, alternative dispute resolution (ADR) has emerged as an efficient and cost-effective alternative to litigation. Due to the rapid digitalisation of transactions, ADR has further evolved into online dispute resolution (ODR), which integrates technology in the ADR process to resolve disputes through online platforms in a faster and more convenient manner. The author in this paper examines the existing legal framework that governs ODR in e-commerce consumer protection in India and the limitations that exist in the use of ODR for resolving e-consumer disputes. In this paper, the author also suggests some measures to strengthen the ODR mechanism to provide more effective protection to consumers in the e-commerce marketplace. The author concludes this paper by stating that although India recognised the ODR mechanism as an effective tool for resolving consumer disputes, the absence of a comprehensive framework and uniform procedural safeguards limits the effectiveness of ODR in providing fair and robust consumer protection in the digital marketplace.

Keywords: Online Dispute Resolution (ODR), E-commerce, Consumer Protection, Consumer Grievance Redressal, India.

*LLM. FIRST YEAR, PONDICHERRY CENTRAL UNIVERSITY.

INTRODUCTION

The growth of the digital economy in India changes the relationship between the consumer and the business. E-commerce platforms make our shopping easier, but at the same time, they have resulted in a rise of consumer complaints, such as delayed deliveries, defective products, etc. The traditional judicial system and consumer commissions are legally required to provide speedy justice, but they are unable to do so due to many pending cases and the high cost of litigation.¹ So, for this, there is an immediate need for a faster and more efficient system for resolving consumer grievances in e-commerce platforms.

The traditional litigation system has shifted to an ADR mechanism. While the ADR mechanism is an important shift from traditional litigation, the increasing number of cases and the digital nature of consumer disputes have revealed the need for an online, technology-enabled system to deliver faster, more accessible justice. In the ODR mechanism, disputes are resolved online, where the physical presence of the parties is not required, and the most advanced thing here is that, unlike the basic virtual hearing, the ODR platforms use advanced technologies such as artificial intelligence, automated negotiation tools and machine learning to make the resolution quicker and more efficient.² In the e-commerce sector, ODR is useful in resolving high-volume as well as low-volume disputes, where choosing traditional litigation costs more than the value of the claim itself.³

India is in a crucial stage to become a global leader in the ODR movement.⁴ The existing legal frameworks, such as the Consumer Protection Act 2019 and the Consumer Protection (E-Commerce Rules) 2020, already mandate the e-commerce platforms to establish an effective internal grievance redressal mechanism.⁵ In addition to this, NITI Aayog is giving suggestions to the government and courts to encourage people to trust and use the ODR mechanism without

¹ Debarshi Roy Choudhury, 'Online Dispute Resolution (ODR): The Future of ADR in a Digital Economy' (Vintage Legal, 26 December 2025) <<http://www.vintagelegalvl.com/post/online-dispute-resolution-odr-the-future-of-adr-in-a-digital-economy>> accessed 20 January 2026

² Rahul Kumar Gaur, 'Tech-Driven Justice: Unravelling the Dynamics of Online Dispute Resolution' (Live Law, 8 June 2024) <<https://www.livelaw.in/lawschool/articles/future-of-justice-technology-alternative-dispute-resolution-260027>> accessed 20 January 2026

³ 'Online Dispute Resolution (ODR)' (Advocate place) <<https://advocate.place/online-dispute-resolution-odr/>> accessed 20 January 2026

⁴ 'India can lead global online dispute resolution movement: Niti Aayog' (ET Government, 30 November 2021) <<https://government.economictimes.indiatimes.com/news/digital-india/india-can-lead-global-online-dispute-resolution-movement-niti-aayog/87999970>> accessed 28 January 2026

⁵ Agam Sharma, 'ODR in E-Commerce and Consumer Disputes: Role of Platforms and Legal Gaps' (The Lawway with Lawyers Journal, 18 April 2025) <<https://thelawwaywithlawyers.com/odr-in-e-commerce-and-consumer-disputes-role-of-platforms-and-legal-gaps/>> accessed 20 January 2026

imposing strict rules.⁶ However, several challenges are present, such as the absence of uniform procedural safeguards, uncertainty in the enforceability of ODR outcomes, etc.⁷ This paper examines the existing legal framework governing ODR in India's e-commerce sector, identifies its key limitations, and suggests measures to strengthen ODR as an effective tool for consumer protection in the e-commerce sector.

RESEARCH METHODOLOGY

This paper adopts a doctrinal legal research methodology and primarily relies on the existing legal materials. This study is based on the primary sources such as the Consumer Protection Act 2019, Consumer Protection (E-Commerce) Rules 2020, relevant provisions under the Information Technology Act 2000 and the judicial decisions. In addition to these, this study is also based on the secondary sources such as scholarly articles and policy reports.

This research examines the statutory provisions and rules to understand the legal framework governing ODR in India. Judicial pronouncements are analysed to identify the practical challenges, trends and limitations in the enforcement of ODR outcomes. Scholarly articles are reviewed to contextualise these findings, assess recommendations and evaluate existing critiques on the effectiveness of ODR mechanisms in the e-commerce sector.

LEGAL FRAMEWORK GOVERNING ODR IN E-COMMERCE CONSUMER PROTECTION IN INDIA

At present, India does not have a specific legislation that governs ODR, but the Consumer Protection Act 2019, Consumer Protection (E-commerce) Rules 2020, provisions under the Information Technology Act 2000, and the NITI Aayog ODR Policy plan 2021 give provision to ODR. Most important to note here is that no Act specifies how ODR should be conducted; it only gives legal environments that make the use of ODR possible.⁸

Consumer Protection Act 2019: The foremost protection available to e-commerce consumers is given by this act, which includes online transactions through E means under the definition of

⁶ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

⁷ Rahul Kumar Gaur, 'Tech-Driven Justice: Unravelling the Dynamics of Online Dispute Resolution' (Live Law, 8 June 2024) <<https://www.livelaw.in/lawschool/articles/future-of-justice-technology-alternative-dispute-resolution-260027>> accessed 20 January 2026

⁸ Consumer Protection Act 2019, s 38(6)

consumer.⁹ This ensures that the digital consumers also get the same statutory protection as physical ones. This Act permits consumers to file complaints electronically.¹⁰ This can be seen as the first step of ODR because the process for disputes is started digitally. This act empowers the consumer commissions to conduct the proceedings through video conferencing. This aligns with the core idea of ODR, where disputes are resolved remotely using technology without physical presence. Mediation is an alternative method for dispute resolution under this Act.¹¹ This Act does not mention online mediation, but the provisions such as e-filing, virtual hearing and statutory mediation make a supportive environment for resolving disputes through online platforms.

This Act encourages the use of technology in resolving consumer disputes, which indirectly makes the way for ODR, but this Act does not expressly recognise or regulate ODR. This shows the clear gap in implementing ODR for e-commerce consumer disputes.

Consumer Protection (E- Commerce) Rules 2020: These rules are made to protect consumers who are all buy goods and services through online platforms.¹² This makes the e-commerce companies handle the complaints online, which supports the basic idea of ODR. As per this rule, every e-commerce platform must establish a grievance redressal mechanism and appoint a grievance officer who provides an online complaint system.¹³ When the consumers make a complaint to this officer, it must be acknowledged within 48 hours, and it must be resolved within 1 month.¹⁴ This means that the consumers need not be present physically for resolving the disputes, which is the basic feature of ODR. This rule also mandates the e-commerce platforms to clearly show the important information, such as seller details. Customer care number and other information need to be known by the customer.¹⁵ These disclosures help the customers to understand their rights and make the online dispute handling more transparent and consumer-friendly.

These rules focus only on the internal grievance redressal by the e-commerce platforms themselves. However, this rule does not clearly state what happens if the internal grievance redressal mechanism fails to resolve the dispute. Practically, if the internal grievance redressal

⁹ Consumer Protection Act 2019, s 2(7)

¹⁰ Consumer Protection Act 2019, s 35

¹¹ Consumer Protection Act 2019, ss 74–81, Chapter V

¹² Consumer Protection (E-Commerce) Rules 2020, r 2

¹³ Consumer Protection (E-Commerce) Rules 2020, r 4(4)

¹⁴ Rule 4(5) of consumer protection (E-commerce) rule 2020

¹⁵ Consumer Protection (E-Commerce) Rules 2020, r 4(5)

mechanism fails to resolve the dispute, consumers need an ODR mechanism, but the rules remain silent on referral to ODR platforms, appointment of mediators or arbitrators, procedures to be followed thereafter, etc. This omission highlights the gaps in the effective consumer dispute resolution in the e-commerce sector.

The Information Technology Act 2000: This Act gives legal validity to electronic records.¹⁶ This is very important for ODR because all communications, chats, emails, complaints, receipts, etc., in e-commerce disputes exist in electronic form. This Act also recognises the digital signatures.¹⁷ This makes it easy for the parties to give consent for settlement agreements and consent forms. Like this, this Act also validates the contracts formed through electronic means.¹⁸ This indirectly says that the online agreements like click wrap or browse wrap contracts used by e-commerce platforms are legally valid, and this is important if the e-commerce platforms include dispute resolution or arbitration clauses in their online terms and conditions, which can be used to refer the disputes to the ODR.

From this, it is evident that this Act support the use of electronic means in dispute resolution, but it does not say anything about how online mediation, online negotiation or technology-based dispute resolution processes should be conducted. From this, the author finds that even though digital legal infrastructures are in existence, procedural clarity for ODR remains silent.

NITI Aayog ODR Policy Plan 2021: This is India's first policy which supports the use of ODR in settling disputes, including e-commerce disputes. This policy explains the ODR as the use of technology to resolve disputes through online mediation. Negotiation and Arbitration says that ODR is suitable for a large number of cases and a small amount of money. This policy supports the flexible regulatory approach, and this also encourages the growth of private ODR platforms. This also makes a recommendation to integrate ODR with the existing legal framework, including a consumer dispute mechanism.¹⁹

However, this policy is non-binding, and the recommendation of this policy is just a recommendation; it does not have any legal force. Even though this policy gives clear guidance

¹⁶ Information Technology Act 2000, s 4

¹⁷ Information Technology Act 2000, s 5

¹⁸ Information Technology Act 2000, s 10A

¹⁹ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

and identifies the legal gaps, the use of ODR in India is inconsistent and depends on voluntary adoption.

The Mediation Act 2023: This was the first Indian Act which expressly recognised online mediation. It allows mediation, including pre-litigation mediation, to be conducted through an electronic form with the consent of the parties.²⁰ It also stated that integrity and confidentiality must be maintained during online mediation.²¹ This Act speaks about online mediation; by this, it strengthens the legal basis for online mediation, but it does not fully address the procedural needs of ODR in e-commerce platforms.

Arbitration and Conciliation Act 1996: This act supports ODR by recognising arbitration agreements made via electronic communication.²² The Supreme Court stated that arbitration clauses agreed through electronic communications are enforceable.²³ This Act does not clearly say how ODR should be conducted. It is also recognised as a legally valid document, but does not explain the procedures for online arbitration and conciliation.

LIMITATIONS IN THE USE OF ODR FOR RESOLVING E-COMMERCE DISPUTES

Even though the recognition for ODR is increasing in resolving e-commerce consumer disputes, several limitations exist in its implementation in India, which were revealed by the existing literature, policy reports and practical experiences. These limitations arise from the legal, institutional, technological, and socio-economic factors.

Lack of Uniform Procedural Standards: One of the most important limitations in the use of ODR in India is the lack of a common or fixed rule.²⁴ In e-commerce, consumer disputes, already, large e-commerce companies have more power than the individual. In this situation, ODR also does not have a fixed rule. So, each platform follows its own method, which creates concern about fairness and equality.²⁵

²⁰ Mediation Act 2023, s 30(1)

²¹ Mediation Act 2023, s 30(3)

²² Arbitration and Conciliation Act 1996, s 7(4)(b)

²³ *Trimex International FZE Ltd v Vedanta Aluminium Ltd* (2010) 3 SCC 1

²⁴ Agam Sharma, 'ODR in E-Commerce and Consumer Disputes: Role of Platforms and Legal Gaps' (The Lawway with Lawyers Journal, 18 April 2025) <<https://thelawwaywithlawyers.com/odr-in-e-commerce-and-consumer-disputes-role-of-platforms-and-legal-gaps/>> accessed 20 January 2026

²⁵ Debarshi Roy Choudhury, 'Online Dispute Resolution (ODR): The Future of ADR in a Digital Economy' (Vintage Legal, 26 December 2025) <<http://www.vintagelegalvl.com/post/online-dispute-resolution-odr-the-future-of-adr-in-a-digital-economy>> accessed 20 January 2026

Uncertainty in Enforceability of ODR Outcomes: Another major limitation is uncertainty in the enforceability of ODR outcomes, especially in the settlements reached through online mediation or negotiation.²⁶ In case of online arbitration, there is no problem because it is enforced under the Arbitration and Conciliation Act, but in the case of mediation, it mostly depends upon the willingness of the party to comply with it. If one party does not follow the settlement, it means the other party wants to approach the court for settlement, which defeats the major objective of ODR to provide speedy and cost-effective dispute resolution.²⁷ This also reduces consumer confidence in the ODR mechanism.

Jurisdictional Challenges in E-Commerce Disputes: E-commerce disputes often involve the parties living in different states and also in different countries, which creates jurisdictional issues.²⁸ Indian laws do not clearly explain which jurisdiction applies when the ODR process fails or when the settlement needs to be enforced. There is no clear system for recognising and enforcing ODR outcomes, which makes the process more complicated and, at the same time, creates hesitation for consumers to use ODR.

Data Privacy and Security Concern: ODR platforms require consumers to share their personal details, transaction records and evidence online. The Information Technology Act provides only limited protection, and the Digital Personal Data Act has been enacted, but in both, there are no specific provisions for saying how ODR platforms should handle data, how to ensure confidentiality and how to use emerging technologies like artificial intelligence.²⁹ This creates risks like data breaches, tampering of evidence and lack of transparency in automated decision-making, which reduces consumer trust in ODR.³⁰

Digital Divide and Accessibility Barriers: It is a major challenge for the widespread use of ODR. Reports say that internet access in rural areas is lower than in urban areas, and especially women, elderly persons and economically weaker sections are often excluded because of this.

²⁶ Rahul Kumar Gaur, 'Tech-Driven Justice: Unraveling the Dynamics of Online Dispute Resolution' (LiveLaw, 9 June 2024)

<<https://www.livelaw.in/lawschool/articles/future-of-justice-technology-alternative-dispute-resolution-260027>> accessed 20 January 2026

²⁷ Debarshi Roy Choudhury, 'Online Dispute Resolution (ODR): The Future of ADR in a Digital Economy' (Vintage Legal, 26 December 2025)<<http://www.vintagelegalvl.com/post/online-dispute-resolution-odr-the-future-of-adr-in-a-digital-economy>> accessed 20 January 2026

²⁸ 'Online Dispute Resolution (ODR)' (Advocate place)<<https://advocate.place/online-dispute-resolution-odr/>> accessed 20 January 2026

²⁹ Shayad Gurung, 'Safeguarding Consumers in the Digital Age' (2024) 4(5) Indian Journal of Integrated Research in Law

³⁰ Drishti IAS, 'The Future of Dispute Resolution'<<https://www.drishtiias.com/summary-of-important-reports/the-future-of-dispute-resolution>> accessed 20 January 2026

ODR platforms cannot be used effectively by many consumers.³¹ This may result in unequal access to justice, which means benefiting mainly urban and digitally literate users.³²

Lack of Coordination and Oversight: In India, there is no unified framework to regulate and coordinate ODR.³³ Various stakeholders carry out the process independently without any uniform standards or accountability mechanisms. This reduces the growth of ODR and public trust.³⁴

Behavioural Resistance and Lack of Awareness: Many consumers, and notably legal professionals, also prefer traditional court systems because of familiarity and trust.³⁵ Lack of awareness about ODR and the doubt about its fairness, confidentiality and enforceability reduce voluntary participation, especially in disputes involving high values.³⁶

RECOMMENDATION FOR STRENGTHENING ODR IN E-COMMERCE PLATFORMS

Expanding Digital Access and Literacy: The adoption of ODR mainly depends upon the digital infrastructure and digital literacy.³⁷ Government initiatives such as Digital India, BharatNet, and PM-WANI are strengthened to provide reliable internet access, especially to rural areas. Based on the practices of the EU and Singapore, it is recommended to strengthen the digital infrastructure and digital literacy programs to enable all individuals to participate in the ODR process, irrespective of gender, socioeconomic backgrounds, etc.³⁸

³¹ Drishti IAS, 'The Future of Dispute Resolution' <<https://www.drishtiiias.com/summary-of-important-reports/the-future-of-dispute-resolution>> accessed 20 January 2026

³² 'Online Dispute Resolution (ODR)' (Advocate place) <<https://advocate.place/online-dispute-resolution-odr/>> accessed 20 January 2026

³³ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

³⁴ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

³⁵ LiveLaw, 'Future of Justice: Technology and Alternative Dispute Resolution' <<https://www.livelaw.in/lawschool/articles/future-of-justice-technology-alternative-dispute-resolution-260027>> accessed 26 January 2026

³⁶ Drishti IAS, 'The Future of Dispute Resolution' <<https://www.drishtiiias.com/summary-of-important-reports/the-future-of-dispute-resolution>> accessed 20 January 2026

³⁷ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

³⁸ Drishti IAS, *The Future of Dispute Resolution*, https://www.drishtiiias.com/summary-of-important-reports/the-future-of-dispute-resolution/print_manually

Capacity Building and Stakeholder Training: The credibility of ODR depends upon the availability of trained mediators, arbitrators, judges, lawyers and technical staff.³⁹ To ensure fairness and consistency, standardised training programs are essential. Para-legal volunteers who are working under the National Legal Services Authority can help to raise awareness and assist consumers, especially in rural areas. Policy documents such as NITI Aayog ODR policy plan state that the trained persons can make ODR more accessible to marginalised communities.⁴⁰

Legal Enforceability of ODR Outcomes: Uncertainty in legal enforceability of outcomes reduces consumer trust. To resolve this, a clear legal recognition must be given to the settlements reached through online mediation, which can be done through amending the existing consumer protection laws or issuing any rules under them.⁴¹ The EU's ADR-ODR framework shows that strong legal support would increase public confidence. Introducing this type of clarity in India would help to prevent further litigation after settlement and make an effective ODR mechanism.

Promoting Awareness and Early Integration of ODR Mechanism: The major reason for not using the ODR in e-commerce consumer disputes is a lack of awareness.⁴² To overcome this, the government wants to raise awareness among consumers through traditional media and online platforms. There is no statutory mandate to use ODR in the pre-litigation stage, but the policy reports, especially NITI Aayog, support the use of ODR in the pre-litigation stage, which can help to resolve disputes faster and also be cost-effective.⁴³

Ensuring Data Protection and Ethical Use of Technology: ODR platforms require consumers to share their personal details, transaction records and evidence online. So guidelines

³⁹ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

⁴⁰ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* (Report, November 2021) <<https://www.niti.gov.in/sites/default/files/2021-11/odr-report-29112021.pdf>> accessed 26 January 2026

⁴¹ Narendra Kumar, 'Online Dispute Resolution (ODR) in E-Commerce: Effectiveness and Challenges' (Vintage Legal VL, 13 July 2025) <<https://www.vintagelegalvl.com/post/online-dispute-resolution-odr-in-e-commerce-effectiveness-and-challenges>> accessed 25 January 2026

⁴² India Can Lead Global Online Dispute Resolution Movement: Niti Aayog' (ET Government, 29 November 2021) <<https://government.economictimes.indiatimes.com/news/digital-india/india-can-lead-global-online-dispute-resolution-movement-niti-aayog/87999970>> accessed 24 January 2026

⁴³ Drishti IAS, 'The Future of Dispute Resolution' <<https://www.drishtiiias.com/summary-of-important-reports/the-future-of-dispute-resolution>> accessed 20 January 2026

are necessary for data protection and confidentiality preservation.⁴⁴ ODR service providers must follow data security measures. There is a need for clear rules for the ethical use of artificial intelligence and automated tools to ensure fairness and transparency. This helps to increase consumer confidence.

CONCLUSION

ODR has emerged as an important mechanism to resolve consumer disputes in e-commerce platforms in India due to the rapid increase in online shopping and transactions. Existing laws and policy initiatives provide a supportive environment for the use of ODR. However, this paper finds the limitations, such as a lack of procedural safeguards, uncertainty in the enforceability of outcomes, etc., which reduce consumer confidence and prevent the ODR from achieving its objectives. Therefore, this paper suggests recommendations such as strengthening digital infrastructure, promoting awareness and improving legal clarity to enhance consumer confidence in the ODR mechanism.

⁴⁴ Agam Sharma, 'ODR in E-Commerce and Consumer Disputes: Role of Platforms and Legal Gaps' (The Lawway with Lawyers Journal, 18 April 2025) <<https://thelawwaywithlawyers.com/odr-in-e-commerce-and-consumer-disputes-role-of-platforms-and-legal-gaps/>> accessed 20 January 2026