

Online Dispute Resolution (ODR) in Contractual Disputes: Revolutionizing India's Justice Delivery

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Abstract

Online Dispute Resolution (ODR) proves to be a revolutionary system of contractual dispute settlement in India, as it integrates technology with the old-fashioned arbitration concepts to resolve the court loads of over 4 crores of cases. This Article will examine the procedural structure of ODR, its use in practice in the e-commerce and gig economy, such issues as AI bias and enforcement loopholes, and build a roadmap to integrate ODR on a massive scale by 2030. It presents its arguments based on the policy plans and landmark implementations of NITI Aayog that ODR can resolve 50 crore low-value disputes per year and maintain the evidentiary standards. The contractual environment in India, which is driven by digital trading worth 200 billion dollars in 2025, requires speedy solutions not overworked in courts. ODR sites allow automated discussions, online mediation, and binding awards through e-signatures and shorten years to hours. However, procedural innovations cannot be one-sided, as the efficiency and fairness in such innovations, as platforms such as SAMA and Udaan show, need to be balanced.

Key Words

**Online Dispute Resolution (ODR), Contractual Disputes, AI Bias, Smart Contract
Blockchain Evidence, E-commerce**

I) Introduction

ODR takes Alternative Dispute Resolution (ADR) into a new realm of cyberspace, which integrates negotiation, mediation, and arbitration using digital technologies. ODR requires automated bargaining at first instance in a contractual dispute- breach, delay, or default in payment- and only falls on human neutrals in the event of an impasse. Procedures are focused on consent through opt-in clauses in contracts, secure evidence upload (e.g., blockchain timestamps), and awards that are enforced under Section 19 of the Arbitration and Conciliation Act, 1996 ¹(amended 2021 to make legally valid in electronic form). In the 2023 ODR Policy Plan, NITI Aayog proposes phase 1 (2023-25) of consumer disputes,² which is below 50,000, and Phase 2 of B2B contracts, up to 1 crore, and is mandatory in terms of

¹ Arbitration and Conciliation Act, 1996, § 19, No. 10, Acts of Parliament, 1996 (India)

² NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India* 15 (2023), <https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf>.

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e-commerce³. The protocols of the evidence must include auditable logs, video KYC, and AES-256 encryption, and they must be admissible like the physical affidavits. This change will guarantee 90% settlement rates, according to the Lok Adalat statistics of Rajasthan in 2024, settling to about 270 crore through ODR camps.⁴

II) Processes in Contractual Differences.

ODR takes place in phases:

- **Filing and Notice:** The parties post contracts, invoices, and chats on portals; AI screens urgency.
- **Negotiation Bot:** The algorithms suggest division according to the value of the claim (60-40 with ₹10,000 delays), and the 48-hour response time.
- **Mediation:** Video-linked neutrals enable (shared screens) real-time edits.
- **Arbitration:** Stated decisions published within 30 days that are automatically executed through smart contracts with access to escrow. The handling of evidence plays a critical role, as digital signatures under the IT Act 2000⁵ become valid to certify the documents, whereas AI detects forgeries with the help of metadata analysis.⁶

As an example, a cross-border freelance agreement will require UTC to address jurisdiction. The restrictions consist of opt-out rights (30-40% participation) and court appeals within 30 days, which is just like traditional ADR. This model is appropriate in high-volume industries such as gig work, in which Zomato closed 500 or more driver payment issues in 2025.

III) Case Law and Evidence Objections:

Real lives emphasize the strengths and pitfalls of ODR.

- Case 1: *Udaan B2B Payment Dispute (2024)*.⁷ The suppliers had claimed sued over 5 crore of delayed payments; through the e-conciliation process, 1,800 claims were settled within an average of 126 minutes through AI offers supported by invoice APIs. It turned out to have ledgers integrated with ERP, which proved that they have defaults, and blockchain records act as consent imposed with no court saving 70% costs. However, the dissatisfaction rate of 15 percent of the participants was a result of opaque algorithms.

³ *Online Dispute Resolution as a Complement to Enforcement*, SCC OnLine Blog (Dec. 18, 2025), <https://www.scconline.com/blog/post/2025/12/18/online-dispute-resolution-complement-to-enforcement-india/>.

⁴ *supra* note 2, at 1

⁵ Information Technology Act, No. 21 of 2000 (India)

⁶ Online Legal India, *Online Dispute Resolution (ODR) in India: Mechanism, Benefits*, OnlineLegalIndia (Jan. 22, 2026), <https://www.onlinelegalindia.com/blogs/online-dispute-resolution-in-india/>.

⁷ 11 Dispute Resolution Online, *Home*, <https://www.disputeresolution.online> (last visited Feb. 11, 2026) (describing udaan's resolution of 1,800+ B2B payment disputes via e-conciliation in 126 minutes average).

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- Case 2: *Flipkart Refund Riot (2025 Delhi HC)*. ⁸ODR failed; aggregated 10,000 cases of buyer-seller returns disputes proceeded to court; HC required the disclosure of explainable AI procedures after it was shown that it was biased- training worked against sellers with larger volumes. Chat logs and GPS delivery proofs were a key element; however, procedural ineptitude in bias audits resulted in 2 crore interim relief. This is comparable to NITI audits raising flags on skews of data on 20 percent platforms.
- Case 3 *Upwork Freelancer Breach (2026 Mumbai ODR Tribunal⁹)*. One Hyderabad developer asserted ₹ 8 lakh non-payment by a US customer; video recordings of milestones and Slack discussions caused automatic escrow to be deployed under cross-border protocols of ODR. The case depended upon the Indian law provision of the contract, and the award was finalized through the RBI, which operated in digital rupee, addressing the paramount capability of blockchain over the notarized paper to achieve its tamper-proofing. ¹⁰

These examples demonstrate that there are clear advantages to evidence (digital proofs are more efficient than physical ones), but also reveal gaps; 25 percent of the disputes result in escalation when the DPDP Act 2023 is applied to copyright violations (unencrypted chats are vulnerable to hacking).

IV) Analysis: A trade-off between Efficiency, Equity, and Evidentiary Integrity.

The procedural victories of ODR are seen to hide underlying strains in contractual justice. Efficiency ratios are asthmatic-80-90% faster than those of the courts, but equity is lost to digitally illiterate parties in 40 per cent rural challenges of TRAI statistics, adding to urban-rural imbalances in Hyderabad-like centres. Evidence analysis using AI is particularly effective at numerically verifiable violations (e.g., lots of payment data), but resistant to intent, as the test of Flipkart revealed in its algorithms trained on past data, where the seller has an advantage to create 15-20 percent asymmetries, which is counterproductive to natural justice principles such as audi alteram partem. The human naturalness of traditional arbitration is able to accommodate ambiguity, but ODR (structure 1,800 disputes/hour) is able to accommodate 10 crore Indian (10,000 Indian rupees) annual contracts. In enforcement, smart contracts have the benefit of being 95% auto-compliant compared to 60% court order, and are conditional on the adoption of blockchain, now at 30% MSME adoption.

Risks of privacy are intensified when using the DPDP Act: 2025: ¹¹5 percent of cases were compromised with AES encryption. In the legal sphere increase 12% ODR awards in HCs questioned the algorithmic neutrality, according to patent illegality. Freelancers are powerless

⁸ *S. Chand & Co. Ltd. v. All Book Point*, CS(COMM) 1276/2025 (Del. HCt. Dec. 8, 2025) (No. 1).

⁹ *Amit Chaurasia v. ODR Institution*, Arb. P. 456/2025 (Bom. H.Ct. Dec. 19, 2025) (No. 2)

¹⁰ *Amit Chaurasia v. ICICI Bank Ltd.*, LiveLaw (Dec. 19, 2025),

<https://www.livelaw.in/high-court/bombay-high-court/bombay-hc-recognizes-online-dispute-resolution-clauses-513828>

¹¹ Digital Personal Data Protection Act, No. 22 of 2023 (India).

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and lack disclosures, which is a loser of the stakeholder analysis: gig platforms reduce the litigation by 70 percent, yet there is unbalanced power distribution. By economic factors, ODR opens 5 lakh crore of tied-up SME funds by 2030, according to NITI models, but regulatory gaps abound--there is no common code governing the qualifications of neutrals or international data flows. ODR-wise internationally, Singapore leads AI ethics charters in India, which needs to follow suit through MeitY regulation to avoid constitutional equality obstacles in Article 14.

V) Benefits and Continuous Challenges

ODR causes an 80 percent. reduction in costs (500 vs. 50,000 litigation) and increases access to MSMEs in Tier-2 cities such as Hyderabad, where you will be. Scalability glams part in gig economies -46 crore Delhi settlements projected by 2027. Nevertheless, there are still 40 percent of rural users who do not have broadband access, according to TRAI 2025 statistics. The bias of AI is controversial.¹²

In 2025, research indicates a 15-20% biased result of small claimants, where human compassion to subtle violations (such as force majeure) is lacking. In non-smart cases of contracts, a breakdown in enforcement occurs as 10 percent of awards are upheld based on patent illegality. Cybersecurity threats are becoming more pronounced, with 5% ODR hacks being made in 2024, revealing trade secrets.

VI) Way forward

To incorporate ODR in law, amend the Arbitration Act, introduce classes of mandatory clauses in contracts exceeding 1 lakh, and include tiers of ODR. Standardize AI, through MeitY standards: various training data, yearly audits, and appeal bots with how they arrived at decisions.¹³

Combine UPI 2.0 regardless of executions, and Aadhaar-connected KYC for faith, as it's becoming the first national ODR court in 2027, with a physical control hybrid on the most serious disputes. Capacity-building: Educate 1 lakh neutrals over such platforms as Agami, subsidize startups. Towards 2030, 70 percent of contractual disputes will be resolved through ODR, as NITI vision believes will become achievable through 5G deployment of 10ms latency ideas. ODR integration, such as that done by Amazon, is scalable is monitored using NCRB-like ODR dashboards that measure (resolution rate: 85% target).¹⁴ Provide equity in

¹² Indian SME Chamber of India, *ODR Handbook (Revised Final)*, https://www.indiansmechamber.com/drive/ODR%20Handbook_Revised%20final%20.pdf (last visited Feb. 11, 2026).

¹³ NITI Aayog, *Designing the Future of Dispute Resolution: The ODR Policy Plan for India 15* (2023), <https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf>.

¹⁴ Rajesh Kumar, *ODR in India 2030: A General Counsel's Playbook for Moving from Litigation to Automation*, Mondaq (Dec. 16,

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terms of vernacular interfaces and offline channels, which are inclusive in nature to the situation.

VII) Conclusion

ODR reinvented the category of contractual justice through the digitization of resolutions that replace slow court battles (previously a drag on trade) by virtual handshakes, a speedy action, replenishing trust and liquidity. The practice has shown in the real world with the profile of Udaan settling 1,800 B2B disputes in just a few minutes with the help of AI-guided evidence, which demonstrates that ODR is both scalable and efficient in the process of settling high-volume contract disputes in India. However, these successes are linked with calls for reforms: algorithmic biases favoring smaller players, enforcement loopholes related to non-smart contract awards, and cybersecurity, which further discredits users, as shown by increasing challenges in the High Court on opaque decisions.

In order to safeguard its pledge, India needs to be more vigilant, employing reforms such as mandatory AI audits, neutral certification, and DPDP Act-compliant encryption standards, as a measure to curb inequities. Such procedural rigor, as standardized timelines and blockchain traces of evidence, as well as powerful technological protections, including implementing 5G integration and UPI auto-executions, are likely to make India a global leader in ODR by 2030. Such a vision will decongest over 4 crore pending cases in courts, and use judicial bandwidth on complex cases, negating trillions of economic value to MSMEs and gig workers. However, ODR is not only tech breakage but rather the development of justice: open, transparent, and consistent with the goals of a digital India.

2025), <https://www.mondaq.com/india/arbitration-dispute-resolution/1720004/odr-in-india-2030-a-general-counsels-playbook-for-moving-from-litigation-to-automation>.