

# Empowering Consumers

*The Evolution and Challenges of Grievance  
Redressal in the Digital Age*



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## ***The Evolution and Challenges of Grievance Redressal in the Digital Age***

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## 1. Introduction

The Consumer Grievance Redressal (CGR) mechanism serves as a crucial component in the functioning of any government and private entities. Without effective grievance redressal systems, both the government and private entities would lack accountability and efficiency. Swift and speedy CGR mechanism is the need of the hour.

Consumers are facing problems because of increasing subliminal advertising, social networks, the free economy and technological as well as scientific advances. Owing to digital economies, the “haves” of the present are controlled by technology. Taking proactive measures to minimise occurrences of customer complaints and grievances and ensuring their timely resolution is essential for maintaining customer satisfaction.<sup>1</sup>

The average consumer often finds himself at a loss when it comes to knowing where to turn and whom to approach with their complaints. Even if consumers are aware of the appropriate channels for lodging complaints, there is a pervasive lack of confidence that their concerns will be effectively addressed.

This lack of confidence further exacerbates the frustration and helplessness experienced by consumers in navigating a system that should ideally provide them with protection and resolution. An organisation's redressal policy should be formulated based on principles of natural justice and fairness which are based on reasoned and unbiased decisions.

The new age CGR mechanism, or CGR 2.0, involves technology and online platforms. With the introduction of online portals like INGRAM and CPGRAM, the Government began to bring all stakeholders such as consumers, Central and State Government agencies, private companies, regulators, ombudsmen and call centres, etc., onto a single platform.<sup>2</sup>

Through CPGRAM, grievances against any government agencies in the country can be lodged.<sup>3</sup> The Indian Government has the Intelligent Grievance Monitoring System (IGMS) 2.0 Public Grievance Portal and Automated Analysis in the Tree Dashboard portal under the Department of Administrative Reforms and Public Grievances (DARPG).<sup>4</sup>

This will enhance the efficiency of CPGRAMS by integrating artificial intelligence (AI) capabilities.<sup>5</sup> However, certain challenges are impediments to effective CGR mechanisms. The paucity of awareness, limited resources, trust and transparency, cultural context and complexity of investigation are challenges.<sup>6</sup>

Along with that, consumers have to express their experience with customer services on social media platforms and have to tag the Prime Minister of the country for swift grievance redressal.<sup>7</sup> These instances reflect the efficiency of the current CGR mechanism.

## 2. Evolution and Growth of CGR Platforms in India

Redressal of consumer disputes is deeply rooted in Indian civilisation as far back as 3200 B.C. Earlier rulers emphasised more on the socio-economic life of their subjects. “Dharma”, code derived from Vedas, laid the foundation of a guiding principle for the resolution of consumer disputes. In addition to that, “Manu Smriti” codified ethical trade practices and code of conduct of traders.<sup>8</sup>

Kautilya's Arthashastra, believed to have been written after Manu Smriti, is regarded as a significant treatise providing insights into statecraft theories and the societal responsibilities of both rulers and citizens in ancient times. While the main focus is on practical administration, the Arthashastra also highlights the importance of consumer protection. It outlines the State's responsibility in overseeing trade and emphasises its duty to prevent crimes against consumers.

A transformative shift occurred in the Indian legal system with the introduction of the Consumer Protection Act (CPA) of 1986, specifically crafted to safeguard consumer interests. Enacted with explicit objectives, the CPA aims to deliver justice that is characterised by being “less formal, less paperwork, less delay and less expensive”. The CPA marked the beginning of a legal transformation, introducing an era centered on consumers and fostering a novel legal culture among the general populace. It encouraged people to seek redress under the CPA, irrespective of the nature of their grievances.

The new CPA, 2019, which repealed the 1986 law, has incorporated the term “e-commerce”, thus explicitly bringing e-commerce platforms and electronic transactions under consumer protection law to protect consumer rights.<sup>9</sup> Consumer Protection (E-Commerce) Rules, 2020, under the CPA, 2019 is further legal advancement due to which e-commerce platforms are required to provide clear details regarding product information, photos, returns and exchange rules, modes of payment, grievance redressal mechanisms, etc. Economic platforms need to mention the nodal officer, timeframes and the process of grievance redressal.<sup>10</sup>

In CPA, 2019, mediation is also being inserted for promotion and to grow the culture of out-of-court settlement. Online Dispute Resolution (ODR) paves the way for opting for the redressal mechanism provided in the Alternative Dispute Resolution (ADR) mechanism. With the adoption of ODR, the resolution of disputes will be cost-effective and convenient, which also broadens the possibilities of remote resolution. It relies on asynchronous communication, eliminates the requirement for the physical presence of parties and removes unconscious bias.<sup>11</sup>

With the advent of technology, CGR mechanisms are incorporating new technologies. Piyush Goyal, former Union Minister of Consumer Affairs, Food & Public Distribution, has applauded the initiatives of the e-Jagriti portal, video conferencing facility for the National Consumer Disputes Redressal Commission (NCDRC), drone testing in National Testing House, National Consumer Helpline 2.0 in 17 languages and a 13-fold increase in calls exemplify the Indian Government's advancement in the adoption of technology.<sup>12</sup>

### 3. Current Legal Framework for CGR in India

With the enactment of the Consumer Protection Act (CPA), 2019,<sup>13</sup> that explicitly mentions e-commerce and includes unfair trade practices, the scope of consumer protection law has been broadened. It addresses issues related to consumer rights, unfair trade practices, and misleading advertisements and introduces provisions that were absent in the 1986 Act. to broaden the scope of consumer protection.

The Consumer Protection (E-Commerce) Rules, 2020, formulated under the CPA of 2019, aim to regulate online shopping, preventing unfair trade practices and safeguarding consumer interests. E-commerce companies must adhere to comprehensive disclosure rules, ensuring transparency in product details. The Rules mandate acknowledgment of consumer complaints within 48 hours and resolution within one month.

Platforms are obligated to appoint grievance officers for oversight. Prohibitions include rejecting returns, denying refunds and manipulating prices. However, when it comes to cross-border e-commerce, there are many challenges such as shipments delayed in customs, added supply chain and delivery costs, etc.<sup>14</sup>

To address these challenges, the Department of Consumer Affairs organised a roundtable conference for effectively framing a global ODR platform focused on issues regarding the resolution of consumer disputes regarding cross-border e-commerce.<sup>15</sup>

The Act incorporates mediation for speedy dispute resolution, establishing mediation cells at different levels. The legislation empowers consumers to choose alternative dispute resolution methods and introduces electronic filing of complaints. It acknowledges the rise in online transactions, providing specific provisions for e-consumers. The Act aims to safeguard consumer interests, streamline grievance procedures and ensure expeditious complaint resolution, emphasising a three-month timeframe for decision-making.

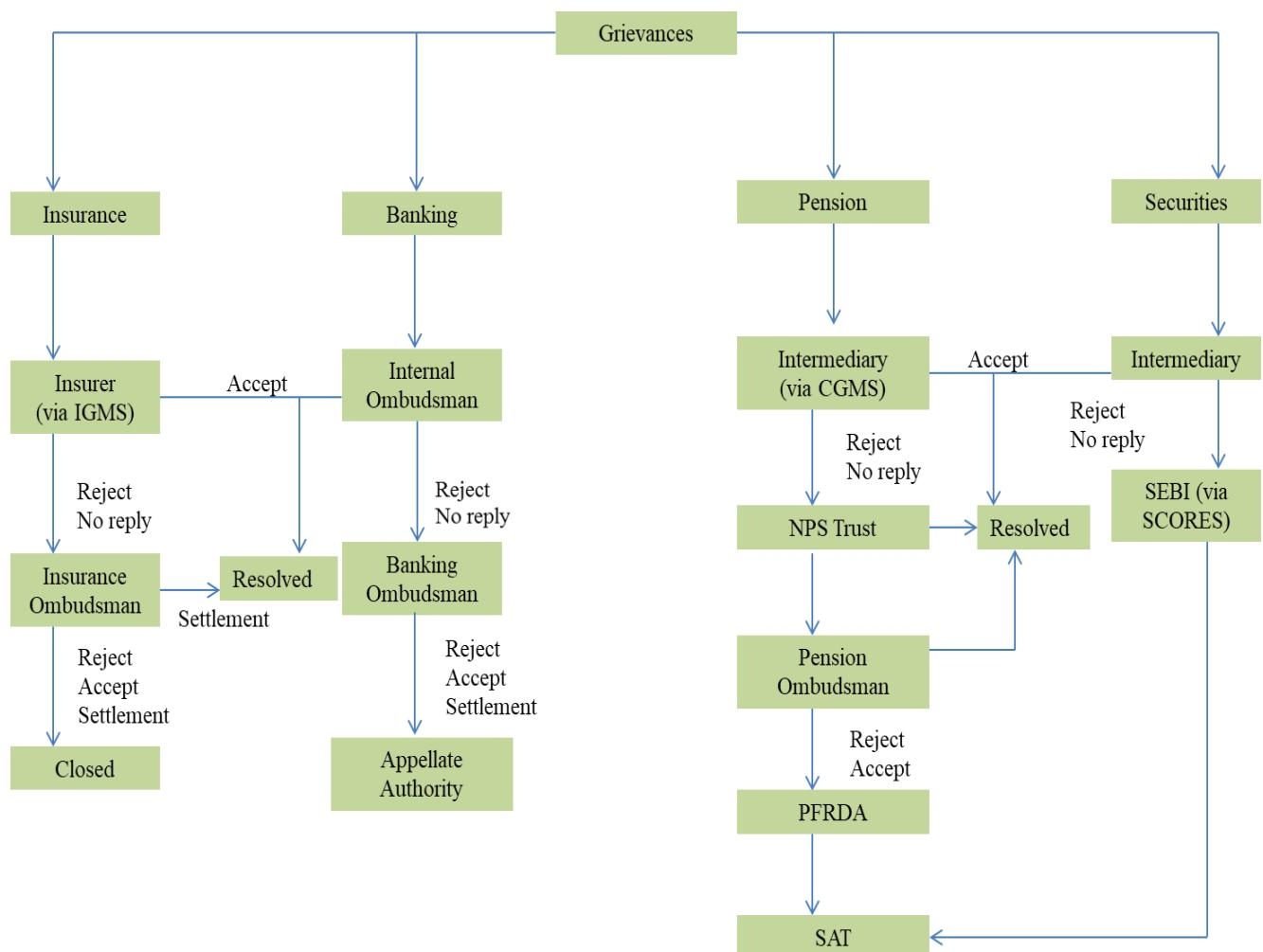
Be that as it may, consumer grievance redressal provided under sectorial laws and administered by sectoral regulators, still present a fragmented picture.<sup>16</sup> An overview of the mechanism for consumer protection across sectors like financial banking, telecom, aviation, etc., has been undertaken.<sup>17</sup>

All these sectors fall within the scope of the CPA, 2019, allowing consumers to seek recourse through the relevant consumer courts to address their complaints. Alternatively, regulatory bodies in these specific sectors have established mechanisms to resolve consumer grievances through INGRAM.<sup>18</sup>

## 4. CGR under Sectoral Laws

The financial sector of India has four regulators, i.e., the Reserve Bank of India (RBI) for banking, the Insurance Regulatory and Development Authority (IRDA) for insurance, the Pension Fund Regulatory and Development Authority (PFRDA) for pension and the Securities and Exchange Board of India (SEBI) for securities.<sup>19</sup>

Each regulator has its procedure for redressal. For banking and insurance grievances to be addressed by an ombudsman, a self-enforcement mechanism is adopted by the securities market,<sup>20</sup> whereas a Central Record-keeping Agency and an Ombudsman process the claims related to insurance. The structure for grievance redressal in the financial sector is as follows:



The above Image depicts the structure of grievance redress in India.<sup>21</sup>

## 4.1 Banking

The Reserve Bank of India (RBI) implemented 'The Reserve Bank - Integrated Ombudsman Scheme, 2021, (RB-IOS, 2021)' on November 12, 2021, integrating the Banking Ombudsman Scheme (2006), the Ombudsman Scheme for Non-Banking Financial Companies (2018), and the Ombudsman Scheme for Digital Transactions (2019).<sup>22</sup>

The consolidated scheme focuses on streamlining the grievance redressal process for customers of Regulated Entities (Res) such as banks, Non-Banking Financial Companies (NBFCs), Payment System Participants (PSPs) and Credit Information Companies. The key objectives include expediting the resolution of customer grievances related to service deficiencies by Res promptly and satisfactorily.<sup>23</sup>

The scheme adopts a 'One Nation One Ombudsman' approach, making the RBI's Ombudsman mechanism jurisdiction neutral. It expands coverage to include additional REs and incorporates the alternative grievance redressal framework with components such as RBI Ombudsman, Consumer Education and Protection Cells and Consumer Education and Protection Department to enhance the efficiency of grievance resolution.<sup>24</sup>

## 4.2 Securities Market

Similarly, SEBI SCORES, which stands for the Sebi Complaints Redress System, is a web-based platform introduced in June 2011. It strengthens the investor complaint redress mechanism in the securities market by making the process more efficient through auto-routing, auto-escalation, monitoring by the designated bodies and reduction of timelines. Investors can register their grievances and also enable the market intermediaries and listed companies to receive complaints from investors against them, redress such complaints and report redressal.<sup>25</sup>

In case the complainant is not satisfied with the disposal, the complainant can tick unsatisfied along with reasons. The SCORES 2.0 introduces auto-routing of complaints to the concerned regulated entity to eliminate time lapses.<sup>26</sup>

In the new SCORES mechanism, the timeline for redressal of investor complaints across the securities market is 21 calendar days from the date of receipt of a complaint. The new mechanism also offers two levels of review, the first one by the designated body, SEBI would step in at the second review if the investor is still dissatisfied. In case of non-adherence to prescribed timelines by the regulated authority then the complaint will be automatically escalated to the next level. Alternatively, one may choose to avail the Securities Markets ODR mechanism.<sup>27</sup>

In the case of National Securities Depository Limited v. Securities and Exchange Board of India, the complainants are aggrieved by the disposal of the complaint on the SCORES

platform the said complainants have a right to file an appeal under Section 15T of the SEBI Act.<sup>28</sup>

#### **4.3 Insurance**

The Insurance Regulatory and Development Authority (IRDA) Act, 1999, establishes the Insurance Regulatory and Development Authority of India (IRDAI) as the primary regulatory authority for the insurance sector, with the key responsibility of safeguarding the interests of policyholders.<sup>29</sup>

In the insurance industry, IRDAI has released a circular indicating that arbitration clauses are not allowed for retail policyholders. However, some argue that this restriction is unwarranted, advocating for consumers to have the freedom to decide between arbitration and the consumer forum.<sup>30</sup>

The IRDAI has the Policyholders' Protection & Grievance Redressal Department that looks into grievances of policyholders against life, non-life and health insurance companies.<sup>31</sup>

Initially, prospects and policyholders are required to file the complaint with insurance companies. If required, IRDAI will carry out investigations and inquiries. Bima Shikayat, IRDAI's Grievance Call Centre, is an alternative channel launched by IRDAI for prospects and policyholders to lodge complaints with the grievance cell. Complaints can be lodged through a toll-free number, i.e., 155255. The status of complaints can be checked through Bima Shikayat.<sup>32</sup>

IRDAI also introduced "Bima Bharosa," previously known as the "Integrated Grievance Management System (IGMS)," to help policyholders and monitor market conduct issues. This system provides easy online access for policyholders and allows IRDAI to keep an eye on how well companies handle complaints. Bima Bharosa can sort different types of complaints and give them unique IDs. It also keeps track of how long it takes to resolve complaints and sends alerts when tasks are taking too long. It is a helpful tool that makes sure complaints get addressed on time and helps keep an eye on how companies are treating their customers.<sup>33</sup>

#### **4.4 Pension**

The Pensions Regulator, Pension Fund Regulatory and Development Authority (PFRDA), initially established by an Executive Order in 2003 and later granted statutory backing in 2014, instituted the Grievance Redressal Mechanism (GRM) through the PFRDA (Redressal of Subscriber Grievance) Regulations, 2015.<sup>34</sup>

In this process consumers file complaints through the Central Grievance Management System (CGMS), directing them to the relevant intermediary. Intermediaries are obligated to have a grievance redress policy and complaints must be resolved within one month. If unresolved,

consumers can escalate the matter to the National Pension System Trust, and if no resolution is reached within a month, or if the complaint involves the Trust, consumers may approach the ombudsman.

The ombudsman mediates for a mutually acceptable recommendation, issuing an award within three months, if necessary. Dissatisfied parties can appeal to PFRDA, with ultimate appeals falling under the jurisdiction of the Securities Appellate Tribunal (SAT), providing a five-level redressal system.<sup>35</sup>

#### **4.5 Telecom Sector**

Telecom companies have established a redressal structure for the resolution of Consumers' grievances within the company. Consumers have to contact the Call Centre of the service provider on a toll-free number at the first instance for redressal of their grievances. The Call Centre registers each complaint by allotting a unique identification number to be called the docket number and communicates the same to the consumer. Intimation of the action taken on the complaint is communicated to the consumer.<sup>36</sup>

If a consumer is not satisfied with the redressal of his grievance at the Call Centre level, he can approach the Nodal Officer for redressal of his grievance. Nodal officers then communicate the unique complaint number to the consumers and inform them about the resolution or decision thereon. In case if a consumer is not satisfied with the resolution or decision, he can appeal to the Appellate Authority of the service provider for redressal of his grievance.<sup>37</sup>

The main duty of handling customer complaints rests with the service providers rather than with TRAI.<sup>38</sup> Also, the new Telecommunications Act, 2003, now in effect, mandates (vide its Section 30) that the government establish online dispute resolution mechanisms for the resolution of disputes between users and telecom service providers.

#### **4.6 Aviation Sector**

The Directorate General of Civil Aviation (DGCA) serves as the primary regulatory authority in the civil aviation sector, overseeing various consumer-related issues such as service overcharging, booking complaints, refund problems and safety concerns.<sup>39</sup>

Under the Aircrafts Act 1934 and Aircraft Rules 1937, DGCA has established rules and procedures encompassed within the 'Civil Aviation Requirements (CAR)' to address these consumer-related aspects. To facilitate prompt grievance resolution for consumers, DGCA has introduced the 'AirSeva' website and mobile app, providing a platform for submitting complaints. The AirSeva portal, developed by the Ministry of Civil Aviation through DGCA, serves as a comprehensive resource offering grievance redressal, flight information, and airport details for consumers. Through this portal, individuals can register complaints related to airlines, airports, and other aspects of air travel.<sup>40</sup>

Additionally, consumers have the option to raise their concerns on social media platforms such as Twitter and Facebook using the hashtag #AirSeva. These social media complaints are automatically tracked and monitored by the AirSeva portal for efficient resolution.<sup>41</sup>

#### **4.7 Electricity Sector**

While the Central Electricity Authority (CEA) of India plays a crucial role in the governance of the electricity sector, the grievance redressal mechanism primarily falls under the purview of State Electricity Regulatory Commissions (SERC).<sup>42</sup>

The Electricity Act, of 2003, lays down the framework for the development, regulation and operation of the electricity sector in India. It empowers State Regulatory Commissions to address grievances and ensure consumer protection.<sup>43</sup>

Each state in India has its own SERCs, which are responsible for regulating the power sector within its jurisdiction.<sup>44</sup>

These Commissions play a vital role in addressing consumer complaints and grievances related to electricity supply, billing, quality of service and other relevant issues. The Electricity Act, of 2003, mandates the establishment of an Electricity Ombudsman as an additional mechanism for grievance redressal.<sup>45</sup>

The Ombudsman is an independent authority that investigates and resolves complaints that are not adequately addressed by the distribution licensees or the SERCs. Consumers who have grievances related to the electricity sector can approach the relevant SERC or the Electricity Ombudsman, depending on the nature and extent of their complaints. Consumers need to be aware of their rights and the available mechanisms for grievance redressal to ensure a smooth and fair resolution of issues within the electricity sector.<sup>46</sup>

#### **4.8 Railways**

Indian Railways has implemented various channels for passengers to register complaints and grievances, reflecting a commitment to addressing concerns and improving services.<sup>47</sup> Here are some key aspects of the grievance redressal system mentioned:

- Channels for Registering Complaints
- Complaint Books at stations
- May I Help You Booths
- All India Helpline No.-138
- Centralised Public Grievance Redress And Monitoring System (CPGRAMS)
- Complaint Management System (COMS)
- Social Media

This comprehensive approach to grievance redressal, coupled with regular checks and feedback systems, demonstrates a proactive stance toward improving the overall passenger experience. Regular monitoring and analysis of feedback allow Indian Railways to identify areas for improvement and take corrective actions swiftly.<sup>48</sup>

The multi-channel approach also ensures that passengers can choose the most convenient means to voice their concerns, contributing to an efficient and responsive grievance redressal system.

#### **4.9 The Open Network for Digital Commerce (ONDC)**

The Open Network for Digital Commerce (ONDC) is an initiative launched by the Government of India to promote open networks in the digital commerce ecosystem. Within the ONDC, an ODR institution has been enlisted to handle all consumer grievances, a measure that can be integrated. The goal is to create a framework that allows for the seamless exchange of goods and services over digital platforms. ONDC promotes an open network approach, emphasising the use of open-source methodologies, open specifications, and open network protocols.<sup>49</sup>

This approach is intended to foster interoperability and inclusivity in the digital commerce ecosystem. ONDC aims to be platform-agnostic, meaning it should work independently of any specific digital commerce platform. This is intended to create a level playing field for various participants in the digital commerce space. By promoting open networks and standards, ONDC seeks to make e-commerce more inclusive and accessible for consumers. This means that consumers should be able to access a wide range of sellers, products, and services through any compatible application or platform.<sup>50</sup>

#### **4.10 Best Practices/ Key Learnings<sup>51</sup>**

<b>Sector</b>	<b>Best Practices/Key Learnings</b>
<b>Banking</b>	An online system for managing complaints that offers consistent updates on the nature, status, and category of unresolved cases. <sup>52</sup>
<b>Insurance</b>	A comprehensive complaint resolution system that allows access to regulatory authorities, enabling the analysis of complaints, mitigation efforts, and continual improvement of processes and systems through ongoing reviews. <sup>53</sup>
<b>Telecom</b>	A centralised directory offering information about complaint centres and appellate authorities, including names and other contact details, for filing and resolving grievances. <sup>54</sup>
<b>Aviation</b>	Various channels, including social media platforms like Twitter and Facebook, are provided as options for lodging complaints. These complaints are integrated and monitored centrally to ensure effective oversight and resolution. <sup>55</sup>

## 5. Insights from Stakeholder Consultations

From the stakeholder consultations for grievance mechanisms, it emerged that we had a lot of limitations in the previous legislation, i.e., the Consumer Protection Act, 1986. One important change in the new law is for pecuniary jurisdiction.

However, there is confusion among consumers about jurisdiction, i.e., whether it should be a district, state or national where to approach. Numerous readings today are referencing outdated pecuniary jurisdictions rather than the revised ones. This situation poses a risk of confusion for consumers, as they may inadvertently rely on incorrect information when determining the appropriate jurisdiction for their consumer-related disputes. This confusion could potentially lead consumers to file their cases in the wrong court, resulting in delays, additional expenses and procedural complications. Therefore, consumers must ensure they are consulting the most up-to-date sources of information or seeking legal advice to avoid falling into this trap of confusion.

Mediation is a good concept introduced in the new legislation for the benefit of the consumers which will give quicker redressal and solutions to the end consumer. Vision of CGR in the e-commerce industry is clearer with the coming up of e-commerce rules and there will be more scope for redressal for consumers. Product liability is a new concept introduced that is going to help consumers by making redressal better when making online transactions. We have the facility of e-filing, however, even in today's time, the major problem is that many people do not have access to computers and the internet. Hence, there is a lack of awareness and technology usage which is one ground reality problem that is there.

The law universities across India have legal aid clinics that conduct awareness programs for end-consumers to make them aware of their rights and the procedure for grievance redressal. People do not pursue the complaint or follow up on the complaint in the platform as they are not aware and also lack interest in pursuing the matters as the process is long and time-consuming with generally fewer chances of getting redress. People also prefer calling customer care numbers rather than approaching these grievance mechanisms or other remedies. Therefore, these legal aid clinics have specifically dedicated consumer chairs and assistants.

There are centres for consumer laws and research. The government should also encourage the private sector to start implementing measures to settle disputes. Building trust among consumers to file and pursue their complaints can only be ensured by making the process easier.

The government can think of a Digital Public Infrastructure (DPI) for the purpose of consumer grievance redressal integrating all redressal mechanisms. Despite several reforms and digital interventions, the present CGR is long, cumbersome and not foolproof and as a result, the incentive to comply is not so high as the companies know that they can get away with defrauding consumers.

Another analysis of the stakeholder consultation reveals that there is an urgent need to open new courts as there are lakhs of consumer complaints. In a city like Jaipur, there are only four consumer forums and every day 150 consumer matters get registered in each consumer forum. The human management of these forums is also very inefficient because sometimes judges are on leave, other times administration staff is on leave and there is a shortage of staff.

In rural areas, there need to be more consumer courts. Even after five years of enactment of the CPA, 2019, there is no on-ground functioning of the mediation cell. Mediation cell plays an important role in faster disposal of consumer matters and frivolous cases can be disposed of without wasting resources and precious time of courts.

The National Law School of India University has also introduced a fresh research initiative in consumer law, backed by Meta. This project aims to evaluate the potential of large language models (LLM) in creating public solutions to improve the effectiveness of India's consumer grievance redressal system. It will be carried out jointly by the Indian Institute of Technology Bombay (IIT Bombay) and the Department of Consumer Affairs (DoCA) serving as the knowledge collaborator.

## 6. National and State-level CGR Initiatives and Case Studies

**6.1 The Integrated Grievance Redress Mechanism (INGRAM):** The portal brings together various stakeholders, including consumers, government agencies, private companies, regulators, ombudsmen and call centres. It serves as a unified platform to facilitate the registration of consumer grievances online and aims to raise consumer awareness about their rights and responsibilities.<sup>56</sup>

A collection of automated responses designed to mimic human conversation on WhatsApp is in place. As of May 2022, WhatsApp has expanded its API, i.e., an Application Programming Interface, which consists of guidelines or protocols facilitating communication between software applications, allowing them to share data, features and functionality.<sup>57</sup>

WhatsApp chatbots enable businesses to engage in real-time communication with customers, delivering timely messages, notifications and updates. These chatbots are capable of performing various tasks, including sharing product details, administering group activities and even facilitating sales processes without the need for human intervention.<sup>58</sup>

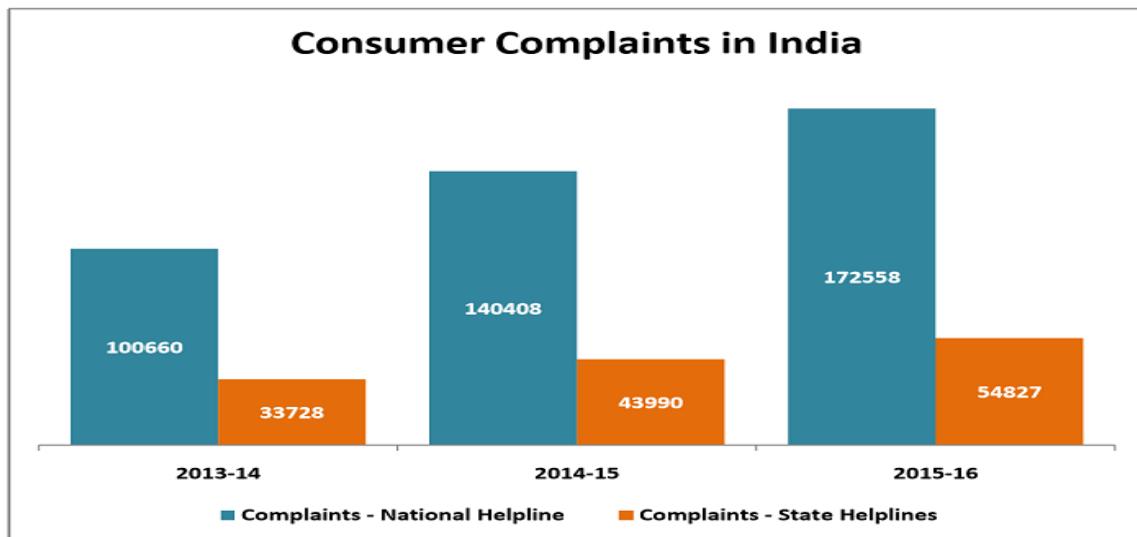
Further, the Department of Consumer Affairs, Government of India, established the National Consumer Helpline (NCH) in 2005 as an alternative dispute resolution mechanism. Serving as the first of its kind in the country, the NCH has played a crucial role in offering information and guidance to a significant number of consumers.<sup>59</sup>

Over the years, the NCH has acquired skills and expertise, prompting the recognition of the necessity to share this knowledge and expertise with other organisations involved in consumer protection and empowerment. This initiative also extends to those planning to establish similar helplines.<sup>60</sup>

**6.2 Centralised Public Grievance Redress and Monitoring System (CPGRAMS):** It is an online platform that allows citizens to register their complaints 24/7 regarding service delivery by public authorities. This singular portal is linked to all Ministries/Departments of the Government of India and various States. Each Ministry and State has specific access based on their roles within the system. Additionally, citizens can use CPGRAMS through a dedicated mobile application, which is available for download on the Google Play store and integrated with the UMANG mobile application.<sup>61</sup>

**6.3 E-Dakhil:** Another initiative by the National Consumer Disputes Redressal Commission (NCDRC) is the introduction of E-Dakhil, an online platform designed to streamline the submission of both offline and online complaints under the Consumer Protection Act, 2019.<sup>62</sup>

This portal is accessible through all State Consumer Redressal Commissions. The portal is user-friendly and efficient. It incorporates a search functionality to simplify the process of retrieving information about a specific product or service. The portal includes a chat feature, facilitating communication among consumers to discuss their complaints.<sup>63</sup>



*The above image depicts the number of complaints filed in the national as well as the state helpline number from 2013-2016.<sup>64</sup>*

**6.4 Case Study: Effectiveness of APDCL's Consumer Grievance Redressal and Performance Standards:** In Assam, the Assam Electricity Distribution company (APDCL) has established eight Consumer Grievance Redressal Forums, in addition to an Ombudsman as provided in Section 42 (6) of the Electricity Act 2003. To get an independent evaluation done

on the functioning of the consumer grievance redressal mechanism a study was commissioned in order to assess the effectiveness of the Consumer Grievance Redressal Mechanism in Assam and to examine the extent to which APDCL complies with the Standards of Performance (SoP) specified by the State Electricity Commission.<sup>65</sup>

The study aims to evaluate how well consumer grievances are addressed and resolved within the existing mechanism and it also seeks to determine the level of adherence to performance standards set by the regulatory commission by examining APDCL's compliance with these standards.<sup>66</sup>

The survey findings suggest that the compliance with SoP by APDCL in addressing consumer complaints is not entirely satisfactory, except for the Rangia circle.<sup>67</sup>

In Rangia, 94 to 97 percent of consumers perceive that the company meets the SoP standards, particularly in handling line breakdowns, and bill-related complaints. The general perception and satisfaction level of consumers regarding "Power Supply" are rated at 28 percent as good. The satisfaction level is predominantly average or below in all circles, except for Tinsukia, where it stands at 63 percent, Tejpur at 69 percent and Dibrugarh at 71 percent.

This suggests that the consumers are required to be educated by giving wide publicity in the print and electronic media and distribution of pamphlets explaining the functions of these institutions, etc., and despite having authority for consumer grievance redressal the satisfaction level of the end-consumer for these services is low. Analysing case studies can indeed provide valuable insights into the effectiveness of regulatory measures, highlighting both successes and shortcomings.<sup>68</sup>

## 7. Challenges in Current CGR Mechanism and the Role of ODR

**7.1 Language Barrier:** In India, there are several regional languages. The parties involved in a dispute belong to different parts of the country and can best represent themselves in their native regional language. Also, differently-abled persons require specific technological aid to benefit from Online Dispute Resolution (ODR) platforms.<sup>69</sup>

Acknowledging the need for a convenient and multilingual dispute resolution mechanism to foster the growth of cross-border e-commerce, the European Commission introduced its official ODR portal recently whereby consumers can commence the ODR process in any of the 23 official languages of Europe. Similar initiatives are needed in India.<sup>70</sup>

As per the Flesch Reading Ease metric, all regulations fall within the difficult range of text and represent complexity typically found in academic writing as depicted below in the chart.

Table 1:

As per the Flesch Reading ease metric, all regulations fall within the *Difficult* range of text and represent complexity typically found in academic writing.

Regulator	Flesch-Kincaid Grade Level	Flesch Reading Ease	Pages	Words
RBI				
Banking	13.0	44.3	26	5044
Digital Transactions	15.2	34.9	28	5059
NBFC	15.5	37.2	20	4825
IRDA	16.4	28.0	7	3537
PFRDA	16.1	27.2	13	7954
SEBI	10.3	45.3	5	1246

Source: Banking - *Banking Ombudsman Scheme, Ombudsman Scheme for Non-Banking Financial Companies, and Ombudsman Scheme for Digital Transactions*

Insurance - *Ombudsman Rules*

Pensions - *PFRDA (Redressal of Subscriber Grievance) Regulations*

Securities - *Investor grievance redress mechanism – new policy measures* — circular dated 26 March 2018.

The Table above depicts that there is no regulation about access in regional languages or informing consumers about changes in the regulations. This means that consumers cannot understand regulations due to language barriers and are not informed of any changes. While it is theoretically possible for consumers to acquire such information, there is no statutory sanction.<sup>71</sup>

**7.2 Long and Cumbersome Grievance Redressal Process:** Another issue with the consumer grievance redressal process is that it remains long and cumbersome. Redress agencies are set up to resolve conflicts between consumers and other service providers (FSPs), emphasising the importance of addressing numerous disputes. However, the sheer volume of complaints does not necessarily indicate effective resolution. Complaints must undergo proper settlement or adjudication processes leading to a decision.<sup>72</sup>

Yet, if complaints lack specificity or are inadequately presented, they might be promptly dismissed without delving into the merits. This trade-off between the efficiency of early dismissal and the goal of providing redress highlights a delicate balance in the overall process. Consumers should not be denied the opportunity to seek redress because of convoluted processes that are difficult for them to comprehend.<sup>73</sup>

Additionally, when resolving disputes, agencies must articulate the procedural steps clearly, offering comprehensive details to minimise confusion and uncertainty. These aspects can be evaluated using internationally recognised criteria that assess various process metrics, including the resolution ratio (the proportion of complaints resolved among those received), and so forth.

**7.3 Conflict of Interest:** Redress agencies can be financed either by the regulator, which may be motivated to minimise the number of complaints or by industry members. A balanced approach involves combining various funding structures to manage workload, and uncertainty and enhance consumer confidence.<sup>74</sup>

This may include budgetary grants in conjunction with other fees from Financial Service Providers (FSPs), depending on the national context. The redress agency has to be independent from the regulator so that it can function effectively. For example, the International Network of Financial Services Ombudsman Scheme (INFO), the global association for financial redress agencies, recommends that a redress agency must stay free from the influence of regulators and the government so that it can work freely and in an independent manner. This way there will be less of a conflict of interest between the regulator and the redress agency.<sup>75</sup>

Table 2:<sup>76</sup>

<b>Table 2</b> Conflict of interest			
In India, officers of the redress agencies are appointed and funded by the regulator.			
Regulator	Type	Funding	Appointment
RBI	Independent official	From the regulator's budget	By the regulator from among its staff
IRDA	Independent official	From the regulator and CIO's budget	By regulator - separate office, drawn from a list of categories
PFRDA	Independent official	From the regulator's budget and the SEP fund	By the regulator - separate office, drawn from a list of categories
SEBI	Department within the regulator	From the regulator's budget	By the regulator from among its staff

*Source: Banking - Banking Ombudsman Scheme, Ombudsman Scheme for Non-Banking Financial Companies, and Ombudsman Scheme for Digital Transactions  
 Insurance - Ombudsman Rules  
 Pensions - PFRDA (Redressal of Subscriber Grievance) Regulations  
 Securities - About us - SCORES.*

*The Table above depicts the officers of the redress agencies as well as the funding by the regulator.<sup>77</sup>*

**7.4 Response Time, or Completion Time:** Delays can impede the effectiveness of redress mechanisms. One way to tackle this issue is by establishing turnaround times, which are specific timelines for different stages of grievance resolution. Clearly defined timelines instill confidence and clarity for complainants while promoting accountability.<sup>78</sup>

This accountability, in turn, ensures a prompt remedy. For instance, in the United Kingdom (UK), the Financial Ombudsman Service (FOS) outlines typical timescales for three distinct stages of redress. However, merely stipulating timelines is insufficient. They must be accompanied by enforcement tools to prevent prolonged waiting periods for consumers seeking redress and to ensure the swift resolution of complaints.<sup>79</sup>

Table 3:

As table 4 shows, over 50% of the pending complaints are more than 3 months old. This is 68% and 31% for the Digital Transactions and NBFC ombudsmen, respectively.

Regulator	Maximum time for resolution	Age of pending complaints (in months)	
		0 - 3	More than 3
RBI			
Banking		11142	13356
Digital Transactions	NA	74	156
NBFC		627	281
IRDA	3 months	2807	5915
PFRDA			
CGMS	1 month	-	-
Ombudsman	3 months	-	-
SEBI	No time mentioned		

Source: Annual Reports

The age analysis of complaints received by PFRDA and SEBI is unavailable.

As indicated in Table 3,<sup>80</sup> the data reveals that more than half of the unresolved complaints have been pending for over three months. Specifically, this percentage stands at 68 percent for the Digital Transactions Ombudsman and 31 percent for the NBFC Ombudsman.

**7.5 Transparency and Sufficient Disclosure of Information to Consumers:** The effectiveness of dispute resolution systems depends on consumers being well-informed about their rights. The success of a Grievance Redressal Mechanism (GRM) is closely tied to public awareness and utilisation. Consumers must be aware of the GRM, trust it and use it when needed. Redress agencies should ensure transparency by providing clear and well-known procedures.<sup>81</sup>

Using commonly understood language to disseminate information about the complaint process can be one strategy. The information should be presented in an easily comprehensible manner, with clear and concise writing. Lastly, consumers should be explicitly informed that if their complaints remain unaddressed after internal dispute resolution, they have the option to

approach the redress agency within the specified timeframe, along with clear guidance on how to do so.<sup>82</sup>

**7.6 Meaning of Online Dispute Resolution (ODR) and Challenges/Issues Involved:** ODR is a strategy employed to settle disputes, utilising digital technology and integrating methods from ADR, including negotiation, mediation and arbitration.<sup>83</sup>

Its main application is in resolving disputes of moderate or smaller monetary value. The idea of ODR emerged in the 1990s with the rise of the internet, giving rise to a surge in online transactions and, consequently, disputes arising from such transactions. ODR holds the promise of lowering legal expenses in two ways: firstly, through expedited resolution timelines, and secondly, by eliminating the necessity for legal counsel in specific case categories.<sup>84</sup>

However, a few challenges that the ODR faces include digital literacy. To engage in ODR, a fundamental level of digital literacy is necessary. In India, digital literacy varies among individuals based on factors such as age, ethnicity and geographical location.<sup>85</sup>

It is essential to bridge this digital divide to facilitate widespread adoption of ODR, extending its reach beyond urban areas. Another issue for ODR is confidentiality and privacy concerns. Increased incorporation of technology and decreased in-person interactions pose fresh challenges concerning privacy and confidentiality, particularly in the context of dispute resolution.<sup>86</sup>

There is a necessity to encourage the adoption of ODR as the primary method for resolving disputes. Given the increasing prevalence of online transactions, expeditiously implementing and reinforcing ODR is crucial.<sup>87</sup> NITI Aayog asserts that India has a distinctive opportunity to become a hub for ODR advancements, but addressing concerns related to funding, infrastructure and public policy support is essential for this vision to materialise.

According to UNCITRAL, an ODR mechanism would become useful for disputes arising out of cross-border, low-value e-commerce transactions. An ODR process could be applied to disputes arising out of both business-to-business as well as business-to-consumer transactions.<sup>88</sup>

**7.7 Principles of ODR:** ODR is simple, fast and efficient to be able to be used in a “real world setting”, including that it should not impose costs, delays and burdens that are disproportionate to the economic value at stake.<sup>89</sup> With the following principles, the ODR mechanism can be more effective and efficient:

**Transparency:** For an effective role in resolving disputes there must be proper disclosure of the relationship between the ODR administrator and a particular vendor, along with that, the administrator must anonymously disclose the data or statistics on

the outcomes for assessing its overall record, in furtherance with applicable principles of confidentiality.<sup>90</sup>

**Independence:** It is a requisite for the administrator to adopt the code of ethics and other rules of conduct. The ODR administrator must adopt policies dealing with identifying and handling conflicts of interest. Expertise is needed so that the ODR administrator can implement comprehensive policies or regulations for governing selection and training. An internal oversight/quality assurance process could help the ODR administrator to ensure that a neutral body conforms to the standards it has set for itself.

**Consent:** The ODR process should be based on the explicit and informed consent of the parties.<sup>91</sup>

**7.8 Use of Technology in ODR Mechanism to Facilitate Consumer Grievances:** Matters like cheque bouncing cases, motor accident claims, personal injury claims and issues such as this may be dealt with by ODR.<sup>92</sup> This mechanism not only deals with international business-to-business and business-to-consumer disputes but also in many other areas of international trade and commerce such as Intellectual Property Rights (IPRs), employment, foreign investments, etc., for resolving disputes.<sup>93</sup>

In recent years, machine learning is frequently employed by ODR platforms to conduct AI-based processes, which significantly contribute to the resolution. New technologies such as AI, Blockchain and VR are being incorporated in the ODR mechanism. These advancements address issues related to accessibility, trust and global standardisation, providing customised and inclusive solutions.<sup>94</sup>

One such example of ODR is Modria, a leading ODR cloud-based platform that provides retailers with a technology-mediated channel for settling disputes with consumers and thereby significantly reducing legal and customer service expenses.<sup>95</sup>

Modria's customers create policies (or use Modria's pre-configured policies) to automatically trigger actions in the resolution process, including issuing a refund, sending a message or routing to the right agent. The resolution process is initiated by the consumer directly from the retailer's website and is guided step-by-step through the dispute resolution process. With one click, the customer can escalate to direct contact with customer service and Modria also supports mediation and arbitration.<sup>96</sup>

The use of AI has played a role in enhancing consumer welfare through the preservation of rights, application of justice and promotion of social values.<sup>97</sup> It is used as a facilitator in clinical legal work and increases the efficiency of resolving disputes.<sup>98</sup> AI can be used for information retrieval, knowledge representation and reasoning, natural language processing, machine learning and data mining.<sup>99</sup> It could be used as a support system for assistance with

decision making, and knowledge gathering and as an interface between humans and other AI systems.<sup>100</sup>

Augmented Reality (AR) is another technology that can convert audio into captions. XRAI Glass suite has recently developed an eyewear equipped with AR that can convert audio into text. The technology is being developed to enable the hearing impaired to avail ODR facilities.<sup>101</sup>

Blockchain is another technology used in ODR. It is a decentralised ledger designed to facilitate secure transactions. This would help the parties involved to audit each other and have equal control of the ecosystem. The use of blockchain would make the transactions valid, secure and transparent<sup>102</sup>.

## 8. International Best Practices of ODR - An Overview

**8.1 The United Nations Commission on International Trade Law (UNCITRAL):** In 2010, UNCITRAL tasked one of its Working Group with developing suggestions to establish a worldwide mechanism for ODR concerning cross-border electronic transactions. UNCITRAL had grown concerned that resolving consumer conflicts through national courts was becoming progressively challenging, primarily due to the abundance of low-value claims, resulting in a significant disparity between the modest transaction amounts and the substantial litigation expenses.

The Working Group's outcome materialised as a collection of Technical Notes on ODR, which UNCITRAL concluded and adopted in 2016. However, these Technical Notes on ODR were a non-binding explanatory document and did not generally achieve the projected outcomes. The decision to produce technical notes rather than regulatory guidelines was perceived as a failure to achieve tangible outcomes. It also acknowledged the ongoing challenge of harmonising diverse national legal systems, cultural disparities, and the differing requirements of nations at various stages of development and historical backgrounds into a unified, logical, and consistent framework for ODR regulation.<sup>103</sup>

**8.2 The Association of Southeast Asian Nations (ASEAN):** ASEAN's pursuit of ODR demonstrates its dedication to leveraging technological progress for effective and accessible conflict resolution. Recognising the pivotal role of electronic commerce and transnational dealings in advancing economic integration, ASEAN strategically incorporates ODR into its policy landscape.

This innovative approach encompasses the National ODR system, the ASEAN ODR Network, and cross-border complaints and investigations, collectively aimed at establishing a comprehensive and harmonised platform for addressing conflicts arising from digital transactions. As ASEAN strives to deepen economic collaboration and empower consumers in

the digital era, its emphasis on ODR showcases a forward-looking move to foster confidence, elevate consumer safeguards, and cultivate a seamless and vibrant business environment throughout its member nations.<sup>104</sup>

**8.3 European Union (EU):** The European Commission's (EC) ODR platform is a significant endeavour aimed at providing a convenient and effective method for resolving internet-based conflicts within the European Union. This ODR system also extends its reach to encompass Iceland, Liechtenstein, and Norway. Its notable feature is its inclusivity, as it offers the platform in all official languages of the EU and ensures straightforward online access through the EC's official website.<sup>105</sup>

The great value of alternative dispute resolution practices has led the EC to promote two pieces of legislation. The European Directive 2013/11 on alternative dispute resolution (ADR) for consumer disputes and European Regulation 524/2013 on online resolution of consumer disputes came into effect on January 09, 2016.<sup>106</sup>

The platform facilitates well-structured processes for resolving disputes, such as mediation and arbitration, with the primary objective of reaching mutually satisfactory resolutions. Moreover, the EC's platform collaborates closely with national ADR entities, ensuring a comprehensive approach to settling conflicts.<sup>107</sup>

**8.4 The United States of America (USA):** In the digital era, ODR has emerged in the USA as an adaptable and industry-focused strategy for addressing conflicts. Through a decentralised structure, various sectors and businesses have created their own dedicated ODR platforms to efficiently handle disputes originating from online commerce, consumer grievances, and virtual transactions.

This approach has resulted in a wide spectrum of ODR options, each customised to cater to the distinct demands and intricacies of specific fields. The American ODR landscape highlights the nation's dedication to utilising technology and inventive methods to simplify the resolution of disputes and offers accessible alternatives to traditional legal proceedings.

**8.5 United Kingdom (UK):** ODR in the UK showcases a dedication to technological progress within the legal sphere. It tackles efficiency, financial benefits, and the availability of justice, all of which are in harmony with the UK's economic and trade objectives. Despite existing challenges, the UK's acceptance of ODR highlights its readiness to embrace the digital age and utilise technology to enhance its legal and economic environment.<sup>108</sup>

In a pioneering move, the United Kingdom has launched the innovative Digital Dispute Resolution Rules (UK Rules) aimed at settling digital conflicts that arise from emerging technologies such as cryptocurrency assets, intelligent contracts, and distributed ledger systems. These rules introduce a unique concept referred to as 'automated dispute resolution'

or 'on-chain' resolution. This concept enables an arbitration decision to be directly executed on a blockchain using a private key.

To illustrate, the arbitration panel might mandate an automatic transfer of compensation from the party at fault to the winning party's digital wallet within the blockchain. Furthermore, considering the growing utilisation of blockchain technology in India, especially within the banking and financial services sector, Indian businesses stand to gain from a streamlined and adaptable digital framework for dispute resolution.<sup>109</sup>

**8.6 People's Republic of China (China):** China has displayed remarkable progress in embracing technological advancements within its legal system, particularly evident through the inception of internet courts and the adoption of smart contracts. These pioneering internet courts, introduced in cities like Hangzhou and Beijing, signify a groundbreaking leap forward in the domain of digital conflict resolution.

Specialising in resolving online disputes, e-commerce conflicts, and internet-related matters, these courts effectively harness cutting-edge technologies such as blockchain, cloud computing, and artificial intelligence. This enables litigants to participate in virtual proceedings, present electronic evidence, and attain efficient and equitable resolutions.<sup>110</sup>

Concurrently, China has wholeheartedly embraced the potential of smart contracts, which are autonomous agreements with terms directly encoded. Smart contracts offer a tamper-proof and transparent means of automating contractual processes and streamlining operations by eliminating intermediaries.

**8.7 eBRAM by Hong Kong:** eBRAM is a not-for-profit company established in 2018, with the support of the Asian Academy of International Law Ltd, Hong Kong Bar Association, and The Law Society of Hong Kong. International Online Dispute Resolution Centre Limited (eBRAM) has introduced its APEC ODR Platform, which is the inaugural and exclusive locally-developed ODR Platform in Hong Kong under the APEC Collaborative Framework for ODR of Cross-Border Business-to-Business Disputes.<sup>111</sup>

This platform caters to APEC businesses, particularly micro, small, and medium-sized enterprises (MSMEs), offering them a user-friendly and secure setting to efficiently resolve cross-border business-to-business (B2B) disputes at a reasonable cost.<sup>112</sup>

This platform is furnished with cutting-edge technology, providing three methods for resolving disputes: e-negotiation, e-mediation, and e-arbitration. It features an online calculator to estimate arbitration expenses based on the disputed amount. Additionally, a video-conferencing system and AI-powered machine translation facilitate real-time communication among users from diverse geographical locations.<sup>113</sup>

## 8.8 Best International Practices/Key Learning:<sup>114</sup>

Country/Practices	Key Learnings/Best Practices
<i>United Nations on International Trade Law</i>	Suggested mechanisms for consumer dispute redressal, including Collective Redress, Regulatory Enforcement Action, and the ODR Manual for Consumer Protection, can be assessed for their applicability and effectiveness. The UNCITRAL model rules outline an ODR framework that is structured into three stages: automated negotiation, online mediation, and ultimately, online arbitration. An evaluation of these mechanisms within the context of the Indian power sector may help determine their feasibility, efficiency, and alignment with the specific needs and dynamics of the electricity consumer landscape in the country. <sup>115</sup>
<i>USA</i>	Regulatory bodies have the option to establish distinct informal and formal processes for complaint resolution, aiming to expedite the resolution of complaints through the informal route. This dual approach allows for a faster and more streamlined resolution process, providing consumers with a quicker means of addressing their concerns through less formal channels, while still maintaining a formal process for more complex or escalated issues. <sup>116</sup>
<i>China</i>	The innovative internet courts mark a groundbreaking development in the realm of digital conflict resolution. <sup>117</sup>
<i>UK</i>	Undertaking activities such as issuing explanatory documents, analysing received complaints, and providing incentives to utilities for conducting meaningful consumer stakeholder consultations can contribute to fostering transparency and improving consumer engagement. <sup>118</sup>

## 9. Conclusion and Recommendations

The analysis of the Consumer Grievance Redressal (CGR) mechanism in India reveals both progress and areas of improvement. The new legal framework under the Consumer Protection Act (CPA) 2019 broadens the ambit of online consumer protection and further strengthens it by the introduction of specific rules for e-commerce. Initiatives like INGRAM, CPGRAM, and ODR platforms leverage technology for efficient grievance registration and redressal. Further, regulatory bodies like RBI, IRDAI, TRAI, and DGCA have established grievance redressal structures within their respective sectoral domains.

However, Consumers are often unaware of their rights and the available redressal mechanisms. Further consumer courts and grievance redressal bodies might be overburdened due to staffing and resource constraints.<sup>119</sup>

The grievance redressal process can be lengthy and cumbersome for consumers. Sector-specific mechanisms create a complex landscape for consumers to navigate thus depicting a fragmented approach. To solve the same few measures can be undertaken like public awareness campaigns and educational programs which should be undertaken to inform consumers about their rights and the CGR mechanisms available.<sup>120</sup>

Following recommendations can improve the present mechanism and somewhat define the contours of CGR2.0:

- Encourage the adoption of ODR and mediation for faster and less expensive dispute resolution<sup>121</sup>
- Allocate sufficient resources to adequately staff consumer courts, grievance redressal bodies, and regulatory authorities
- Upgrade the consumer grievance redressal platform to a user-friendly digital interface accessible via web and mobile devices. This platform should allow consumers to easily register complaints, track their status, and provide feedback.<sup>122</sup>
- Enable consumers to lodge complaints through multiple channels such as phone calls, emails, SMS, social media, and chatbots. This ensures that consumers can reach out using their preferred communication method.<sup>123</sup>
- Provide consumers with real-time updates on the status of their complaints through SMS, email, or app notifications. Transparency in the process builds trust and confidence among consumers.<sup>124</sup>
- Establish a structured escalation process for unresolved complaints. If a complaint is not resolved within a specified time frame or if the consumer is dissatisfied with the resolution, it should be escalated to higher authorities for prompt attention<sup>125</sup>
- Streamline the grievance redressal process to ensure swift and efficient resolution. Explore the feasibility of a unified CGR platform encompassing all sectors for a simplified and centralised approach

- Integrate technology to automate processes, expedite complaint resolution, and enhance data analysis for informed decision-making<sup>126</sup>
- Implement robust data protection measures to safeguard consumer information within the CGR system
- Provide grievance redressal mechanisms in multiple languages to ensure inclusivity for diverse populations
- Implement an automated system to categorise and route complaints to the appropriate department or authority based on the nature of the grievance<sup>127</sup>
- Monitor the effectiveness of the CGR system and address any emerging challenges through necessary adaptations
- Provide training programs for consumer support staff and grievance redressal officers to enhance their skills in communication, conflict resolution, and customer service.<sup>128</sup>
- Conduct regular awareness campaigns to educate consumers about their rights, the grievance redressal process, and how to effectively lodge complaints. Empowering consumers with knowledge enhances their ability to assert their rights.<sup>129</sup>

By addressing these challenges and implementing the above-suggested recommendations, India can strive towards a more robust and efficient CGR mechanism that empowers consumers and fosters a fair marketplace.

Most importantly, if the government crafts a suitable Digital Public Infrastructure (DPI) (such as UPI or ONDC) dedicated specifically to consumer grievance redressal, it will be truly transforming and will be the CGR2.0 in a real sense. This can be done by integrating all existing relevant mechanisms, including those discussed in this paper. Such an effort will further reinforce India's commitment to building useful DPIs and offering the model to other countries.

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