STRENGTHENING CONSUMER JUSTICE THROUGH MEDIATION: LEGAL AND INSTITUTIONAL CHALLENGES IN INDIA

D. Asenthamani, Assistant Professor, Chennai Dr. Ambedkar Government Law College, Pudupakkam.

ABSTRACT

The protection of consumer rights is a fundamental component of a fair and efficient marketplace. However, the growing volume of consumer disputes in India has placed significant pressure on traditional adjudicatory mechanisms, resulting in delays, increased costs and procedural complexities. In response to these challenges, mediation has emerged as a promising alternative dispute resolution mechanism aimed at facilitating amicable settlements and enhancing access to consumer justice. The mediation under the Consumer Protection Act, 2019 represents a significant shift towards a more participatory, cost-effective and time-efficient model of dispute resolution within the consumer protection framework. The role of mediation in strengthening consumer justice in India by analysing the legal and institutional framework governing consumer dispute resolution. The statutory provisions relating to consumer mediation, the establishment and functioning of Consumer Mediation Cells and the potential of mediation to reduce case backlogs while promoting mutually acceptable outcomes. The practical challenges that hinder the effective implementation of consumer mediation, including inadequate infrastructure, lack of trained mediators, limited public awareness, procedural inconsistencies and concerns regarding enforceability and accountability. The paper adopts a doctrinal research methodology based on an analysis of statutory provisions, policy documents, judicial pronouncements and scholarly literature. While mediation possesses considerable potential to transform consumer dispute resolution, its effectiveness depends upon robust institutional support, capacity building, public awareness initiatives and greater procedural uniformity. The study concludes that strengthening the mediation framework can significantly contribute to consumer empowerment, speedy justice and the overall effectiveness of the consumer protection regime in India. It further offers recommendations for improving the legal and institutional mechanisms necessary for the successful integration of mediation into the consumer justice system.

Keywords: Consumer Justice, Mediation, Consumer Protection Act, Alternative Dispute Resolution, Consumer Dispute Resolution.

1. INTRODUCTION

Consumer protection constitutes a vital component of a fair and equitable economic system, ensuring that individuals are safeguarded against unfair trade practices, defective goods, deficient services and exploitative market conduct. In India, the rapid expansion of commercial activities, digital transactions and e-commerce platforms has significantly increased the volume and complexity of consumer disputes, placing considerable pressure on the traditional adjudicatory mechanisms established for consumer redressal. Although consumer commissions have played a crucial role in protecting consumer rights, issues such as procedural delays, mounting case backlogs, litigation costs and limited accessibility have often hindered the timely delivery of justice. In response to these challenges, mediation has emerged as an effective alternative dispute resolution mechanism that promotes amicable settlement, cooperation and mutual understanding between disputing parties. Recognizing the potential of mediation in enhancing access to justice, the Consumer Protection Act, 2019 introduced a dedicated framework for consumer mediation through the establishment of Consumer Mediation Cells at various levels. This development reflects a progressive shift from adversarial litigation towards consensual dispute resolution, emphasizing efficiency, affordability and consumer satisfaction. Mediation not only facilitates faster resolution of disputes but also reduces the burden on consumer commissions while preserving relationships between consumers and service providers. However, despite its promising objectives, the implementation of consumer mediation in India continues to face several legal and institutional challenges, including inadequate infrastructure, limited public awareness, shortage of trained mediators, procedural inconsistencies and concerns relating to the enforceability of settlement agreements. Against this backdrop, the present study critically examines the role of mediation in strengthening consumer justice in India by analysing the existing legal framework, evaluating institutional mechanisms, identifying key challenges and proposing measures to enhance the effectiveness of consumer mediation as a sustainable and accessible tool for consumer dispute resolution.

2. CONCEPTUAL FRAMEWORK OF CONSUMER MEDIATION

The concept of consumer mediation has gained significant prominence in contemporary consumer protection systems as an effective mechanism for resolving disputes outside the traditional courtroom setting. With increasing consumer transactions and the growing complexity of commercial relationships, conventional adjudicatory processes often face challenges such as procedural delays, high litigation costs and excessive case backlogs.

Consumer mediation offers an alternative approach by encouraging parties to resolve disputes through dialogue, negotiation and mutual understanding under the guidance of a neutral mediator. The introduction of mediation within the consumer protection framework reflects a broader shift towards accessible, efficient and participatory justice. Understanding the conceptual foundations of consumer mediation is essential for evaluating its role in strengthening consumer justice and improving dispute resolution mechanisms in India.

2.1 Meaning and Nature of Consumer Mediation

Consumer mediation refers to a voluntary and structured process through which disputes between consumers and traders, manufacturers, service providers or other commercial entities are resolved with the assistance of an impartial third party known as a mediator. Unlike adjudication, where a judicial authority imposes a binding decision, mediation enables the parties themselves to arrive at a mutually acceptable settlement. The nature of consumer mediation is fundamentally collaborative rather than adversarial. It emphasizes communication, flexibility, confidentiality and consensus-building. The mediator does not determine rights and liabilities or pronounce judgments but facilitates constructive discussions aimed at identifying common interests and practical solutions. This feature distinguishes mediation from conventional litigation, where the outcome is often characterized by a winner-loser approach.

Consumer mediation is particularly suitable for disputes involving defective goods, deficient services, unfair trade practices, delayed deliveries and billing disagreements. Since many consumer disputes involve ongoing commercial relationships, mediation helps preserve trust and goodwill between the parties. The significance of amicable settlement was recognized by the Supreme Court in *Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. (P) Ltd.*[1], wherein the Court emphasized the importance of mediation as an effective mechanism for reducing litigation and promoting consensual dispute resolution.

2.2 Principles and Objectives of Mediation

The effectiveness of mediation is rooted in certain fundamental principles that guide the entire process. The first principle is voluntariness, which ensures that parties participate in the process of their own free will and retain control over the outcome. A settlement achieved through voluntary participation is generally more sustainable and acceptable to the parties. The second

[1] Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. (P) Ltd., (2010) 8 SCC 24

principle is neutrality and impartiality. Mediators are expected to remain unbiased and independent throughout the proceedings, ensuring fairness and equal opportunity for both parties to present their concerns. Another essential principle is confidentiality. Discussions, admissions and proposals made during mediation are generally protected from disclosure, encouraging parties to communicate openly and honestly.

The principle of party autonomy is equally significant. Unlike court proceedings where outcomes are imposed through judicial determination, mediation empowers parties to formulate their own solutions according to their needs and interests. This participatory approach often results in greater satisfaction and compliance with settlement terms. The primary objectives of mediation include reducing litigation, facilitating speedy dispute resolution, minimizing costs, preserving relationships and enhancing access to justice. Mediation also seeks to promote a culture of cooperation rather than confrontation. The importance of consensual dispute resolution was highlighted by the Supreme Court in *Salem Advocate Bar Association v. Union of India*[2], where the Court encouraged the use of alternative dispute resolution mechanisms to improve judicial efficiency and reduce case pendency.

2.3 Consumer Justice and Access to Justice

Consumer justice refers to the ability of consumers to effectively enforce their rights and obtain fair remedies against unlawful or unfair business practices. A robust consumer justice system ensures that consumers have access to affordable, timely and effective mechanisms for redressing grievances. The concept extends beyond the mere existence of legal rights and encompasses the practical ability of individuals to seek and obtain remedies when those rights are violated. Access to justice is a fundamental element of consumer protection. Traditional litigation, although essential, may not always provide an accessible avenue for consumers due to procedural complexities, financial burdens and lengthy adjudication processes. Many consumers, particularly those belonging to economically weaker sections, may hesitate to pursue legal remedies because of these challenges.

Consumer mediation contributes significantly to access to justice by providing a simpler, less formal and cost-effective forum for dispute resolution. It allows consumers to participate directly in resolving their grievances without being overwhelmed by technical legal procedures.

[2] Salem Advocate Bar Association v. Union of India, (2005) 6 SCC 344

By reducing barriers to dispute resolution, mediation promotes inclusiveness and strengthens confidence in the legal system. The constitutional significance of access to justice was recognized in *Anita Kushwaha v. Pushap Sudan*[3], where the Supreme Court held that access to justice constitutes an integral component of the rule of law and is essential for the realization of constitutional rights. This principle reinforces the importance of accessible dispute resolution mechanisms such as mediation within the consumer protection framework.

2.4 Mediation as an Alternative Dispute Resolution Mechanism

Alternative Dispute Resolution (ADR) refers to methods of resolving disputes outside formal judicial proceedings. ADR encompasses various mechanisms, including arbitration, conciliation, negotiation and mediation. Among these methods, mediation has emerged as one of the most flexible and consumer-friendly approaches due to its emphasis on cooperation and mutual settlement. As an ADR mechanism, mediation offers several advantages over traditional litigation. It is generally faster, less expensive and procedurally simpler. The informal nature of mediation enables parties to focus on practical solutions rather than strict legal positions. Furthermore, mediation encourages open communication, thereby increasing the likelihood of preserving commercial relationships and preventing future disputes.

The integration of mediation into consumer dispute resolution aligns with global trends emphasizing consensual justice and efficient case management. It also supports the broader objective of reducing the burden on adjudicatory bodies by diverting suitable cases away from formal litigation. In the consumer context, mediation is particularly valuable because many disputes involve relatively small claims that may not justify prolonged litigation. The judicial endorsement of ADR mechanisms can be observed in *M.R. Krishna Murthi v. New India Assurance Co. Ltd.*[4], where the Supreme Court reiterated the necessity of promoting mediation and other ADR processes to achieve efficient, affordable and citizen-centric justice. The decision reflects the growing recognition of mediation as an indispensable component of modern dispute resolution systems and an important tool for strengthening consumer justice in India.

[3] Anita Kushwaha v. Pushap Sudan, (2016) 8 SCC 509
[4] M.R. Krishna Murthi v. New India Assurance Co. Ltd., (2019) 4 SCC 177

3. LEGAL FRAMEWORK GOVERNING CONSUMER MEDIATION IN INDIA

The legal framework governing consumer mediation in India reflects the country's gradual transition from a purely adjudicatory model of consumer dispute resolution to a more flexible and participatory system incorporating alternative dispute resolution mechanisms. Consumer protection laws have evolved significantly in response to changing market dynamics, technological advancements and the increasing complexity of consumer transactions. While earlier legal frameworks primarily focused on adjudication through consumer forums, contemporary reforms emphasize the importance of mediation as a means of achieving speedy, affordable and amicable settlements. The introduction of mediation under the Consumer Protection Act, 2019 and the subsequent Consumer Protection (Mediation) Rules, 2020 marked a significant development in consumer jurisprudence. Furthermore, the enactment of the Mediation Act, 2023 has strengthened the broader legal ecosystem supporting mediation in India. Understanding this legal framework is essential for evaluating the effectiveness of consumer mediation and its contribution to consumer justice.

3.1 Evolution of Consumer Protection Laws

Consumer protection in India has evolved from general contractual and tortious remedies to a specialized statutory framework designed to safeguard consumer interests. Prior to dedicated consumer legislation, aggrieved consumers were largely dependent on civil courts for redressal, a process often characterized by procedural complexity, high costs and prolonged delays. The need for a simplified and consumer-friendly mechanism led to the enactment of the Consumer Protection Act, 1986, which established District Forums, State Commissions and the National Commission for resolving consumer disputes. The 1986 Act represented a landmark development in consumer welfare by recognizing consumer rights and providing an accessible forum for grievance redressal. However, changing economic conditions, globalization, digital commerce and emerging forms of consumer transactions exposed limitations within the existing framework. The increasing volume of cases also contributed to delays in dispute resolution, undermining the objective of speedy justice.

To address these challenges, the Consumer Protection Act, 2019 replaced the earlier legislation and introduced significant reforms, including product liability, regulation of e-commerce transactions, establishment of the Central Consumer Protection Authority (CCPA) and institutionalized mediation. The legislative shift reflects an acknowledgment that effective consumer protection requires not only adjudication but also efficient mechanisms for consensual dispute resolution. The importance of protecting consumer rights was emphasized by the Supreme Court in *Lucknow Development Authority v. M.K. Gupta*[5], where the Court held that consumer protection legislation is a social welfare measure intended to provide simple and effective remedies to consumers.

3.2 Consumer Protection Act, 2019 and Mediation Provisions

The Consumer Protection Act, 2019 introduced mediation as a formal dispute resolution mechanism within the consumer justice system. Recognizing the limitations of conventional adjudication, the Act seeks to facilitate amicable settlement of disputes wherever appropriate. The statutory provisions relating to mediation are primarily contained in Chapter V of the Act. Under Section 37[6], consumer commissions are empowered to refer disputes for mediation whenever there appears to be a possibility of settlement and the parties consent to such referral. This provision reflects the principle that mediation should be encouraged in suitable cases without compromising the voluntary nature of the process. The Act further provides for the establishment of Consumer Mediation Cells attached to District, State and National Consumer Commissions. The legislation identifies certain categories of disputes that may not be suitable for mediation, particularly those involving serious allegations such as medical negligence resulting in grievous injury or death, fraud and offences affecting public interest. This limitation ensures that mediation remains confined to disputes where negotiated settlements are appropriate and fair. An important feature of the Act is the recognition of mediated settlements. Once parties arrive at an agreement through mediation, the settlement is reported to the concerned consumer commission, which records the settlement and disposes of the matter accordingly. This mechanism promotes certainty and finality while reducing the burden on adjudicatory bodies. Through these provisions, the Act seeks to balance efficiency with fairness in consumer dispute resolution.

3.3 Consumer Protection (Mediation) Rules, 2020

The Consumer Protection (Mediation) Rules, 2020 were introduced to operationalize the mediation framework established under the Consumer Protection Act, 2019. These rules provide procedural clarity regarding the functioning of Consumer Mediation Cells, appointment

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[5] Lucknow Development Authority v. M.K. Gupta, (1994) 1 SCC 243
[6] Section 37 under the Consumer Protection Act, 2019 https://share.google/4PQVRZ9NOK3GBVdRu

of mediators, mediation proceedings and reporting requirements.

One of the primary objectives of the Rules is to ensure institutional consistency in the conduct of mediation proceedings. The Rules prescribe qualifications and eligibility criteria for mediators and seek to maintain neutrality and competence within the mediation process. By establishing a structured framework, the Rules aim to enhance public confidence in mediation as a credible dispute resolution mechanism.

The Rules also emphasize confidentiality, a cornerstone of effective mediation. Information disclosed during mediation proceedings is generally protected from subsequent disclosure, encouraging parties to engage in candid discussions. Additionally, the Rules prescribe timelines intended to facilitate speedy resolution of disputes and prevent unnecessary delays.

The establishment of dedicated Consumer Mediation Cells under these Rules represents a significant institutional reform. These cells function as specialized forums designed to assist consumer commissions in diverting appropriate cases toward settlement-oriented processes. The Rules therefore play a crucial role in transforming mediation from a legislative concept into a functional dispute resolution mechanism.

3.4 Relationship between Consumer Mediation and the Mediation Act, 2023

The enactment of the Mediation Act, 2023 marks a significant milestone in India's efforts to create a comprehensive legal framework for mediation. While consumer mediation is specifically governed by the Consumer Protection Act, 2019 and the Consumer Protection (Mediation) Rules, 2020, the Mediation Act, 2023 provides a broader legislative foundation applicable across various sectors and dispute categories. The relationship between the two frameworks is complementary rather than conflicting. Consumer mediation operates as a specialized form of statutory mediation tailored to consumer disputes, whereas the Mediation Act establishes general principles governing mediation processes in India. Both frameworks emphasize voluntariness, confidentiality, neutrality and party autonomy as essential elements of mediation. The Mediation Act, 2023 contributes to the institutional strengthening of mediation by promoting professional standards, enhancing enforceability of settlement agreements and encouraging the development of mediation infrastructure. These broader reforms indirectly benefit consumer mediation by fostering a stronger mediation culture within the legal system. Consequently, consumer mediation can be viewed as an integral component of India's expanding alternative dispute resolution framework.

3.5 Judicial Approach towards Consumer Mediation

The Indian judiciary has consistently supported the use of mediation and other alternative dispute resolution mechanisms as tools for improving access to justice and reducing litigation burdens. Judicial recognition of mediation reflects an understanding that consensual dispute resolution can complement formal adjudication while preserving fairness and efficiency.

In *K. Srinivas Rao v. D.A. Deepa*[7], the Supreme Court highlighted the importance of mediation in resolving disputes through dialogue and mutual understanding, emphasizing its ability to reduce adversarial conflict. Although the case arose outside the consumer context, the principles articulated by the Court are equally relevant to consumer mediation. Similarly, in *Dayawati v. Yogesh Kumar Gosain*[8], the Delhi High Court underscored the growing significance of mediation in achieving effective and expeditious dispute resolution. The Court recognized mediation as a process capable of promoting settlement while reducing the burden on judicial institutions.

The judicial approach towards mediation reflects a broader commitment to access to justice, procedural efficiency and consensual resolution of disputes. Such judicial endorsement strengthens the legitimacy of consumer mediation and encourages its integration into the consumer protection framework. As consumer disputes continue to increase in volume and complexity, judicial support remains a critical factor in the successful implementation of mediation within India's consumer justice system.

4. INSTITUTIONAL MECHANISM FOR CONSUMER MEDIATION

The effectiveness of consumer mediation depends not only on its legal recognition but also on the strength of the institutional framework supporting its implementation. The Consumer Protection Act, 2019 introduced a structured mechanism for mediation by establishing dedicated institutions, defining procedural guidelines and assigning responsibilities to various stakeholders involved in consumer dispute resolution. This institutional framework aims to facilitate the amicable settlement of disputes while reducing the burden on consumer

[7] K. Srinivas Rao v. D.A. Deepa, (2013) 5 SCC 226
[8] Dayawati v. Yogesh Kumar Gosain, 2017 SCC OnLine Del 11032

commissions. By providing specialized mediation cells, qualified mediators and clear procedural standards, the legislation seeks to ensure that consumer mediation operates as an efficient, transparent and accessible mechanism for resolving consumer grievances.

4.1 Establishment and Functions of Consumer Mediation Cells

The Consumer Protection Act, 2019 provides for the establishment of Consumer Mediation Cells at the District, State and National levels. These cells are attached to the respective Consumer Commissions and function as specialized units dedicated to facilitating mediation proceedings. Their primary objective is to provide a structured environment where parties can attempt to resolve disputes through mutual agreement rather than formal adjudication.

Consumer Mediation Cells perform several important functions. They coordinate mediation proceedings, maintain records of referred cases, assist in the appointment of mediators and ensure that mediation sessions are conducted in accordance with the prescribed rules. These cells also provide administrative support to mediators and monitor the progress of mediation proceedings. By institutionalizing mediation within the consumer justice system, these cells contribute significantly to reducing litigation costs, improving efficiency and promoting speedy dispute resolution.

4.2 Role of District, State and National Consumer Commissions

Consumer Commissions play a central role in the mediation process. The District Consumer Disputes Redressal Commission, State Consumer Disputes Redressal Commission and National Consumer Disputes Redressal Commission possess the authority to identify suitable disputes for mediation and refer them to the respective Consumer Mediation Cells.

Before making a referral, the concerned Commission evaluates whether the dispute is capable of being settled through negotiation and whether both parties are willing to participate in mediation. Throughout the process, the Commission retains supervisory authority and ensures that the settlement complies with legal requirements. Once a settlement is reached, the Commission records the agreement and disposes of the case accordingly. If mediation fails, the matter is returned to the Commission for adjudication. Thus, the Consumer Commissions function as both referral authorities and supervisory institutions within the mediation framework.

4.3 Appointment and Responsibilities of Mediators

Mediators serve as neutral facilitators who assist parties in reaching a mutually acceptable settlement. Their appointment is generally made from a panel maintained by the Consumer Mediation Cell in accordance with the Consumer Protection (Mediation) Rules, 2020. The selection process seeks to ensure competence, impartiality and integrity among mediators.

The responsibilities of mediators extend beyond merely conducting discussions. They are required to create a cooperative atmosphere, encourage constructive dialogue, identify common interests and assist parties in exploring settlement options. Mediators must remain independent and unbiased throughout the proceedings and avoid influencing parties to accept any particular outcome. They are also obligated to maintain confidentiality regarding information disclosed during mediation sessions. Their role is facilitative rather than adjudicatory, as they do not impose decisions but help parties arrive at voluntary agreements.

4.4 Procedure for Referral and Settlement of Consumer Disputes

The mediation process begins when a Consumer Commission determines that a dispute may be suitable for amicable resolution. Upon obtaining the consent of the parties, the matter is referred to the appropriate Consumer Mediation Cell. Following the referral, a mediator is appointed and mediation sessions are scheduled. During the proceedings, the mediator conducts discussions with the parties, either jointly or separately, to identify issues and explore potential solutions. If the parties successfully reach an agreement, the terms of settlement are reduced to writing and submitted to the concerned Consumer Commission. The Commission then records the settlement and passes an appropriate order, giving legal effect to the agreement. In cases where mediation does not result in a settlement, the mediator submits a report indicating the failure of mediation and the dispute is returned to the Commission for regular adjudication. This procedure ensures that mediation remains a voluntary and flexible process while preserving the parties' right to seek formal adjudication if a negotiated settlement cannot be achieved.

5. ROLE OF MEDIATION IN STRENGTHENING CONSUMER JUSTICE

Mediation has emerged as a significant mechanism for strengthening consumer justice by providing an efficient, accessible, and consumer-friendly alternative to traditional litigation. In an era characterized by increasing consumer transactions and complex commercial relationships, conventional adjudicatory processes often struggle to deliver timely and effective remedies. Mediation addresses these challenges by encouraging cooperative problem-solving and mutually acceptable settlements. The integration of mediation into the consumer protection framework reflects a broader commitment to promoting access to justice, reducing procedural burdens, and enhancing consumer satisfaction. By facilitating dialogue and consensus, mediation contributes not only to dispute resolution but also to the overall effectiveness and credibility of the consumer justice system.

5.1 Speedy and Cost-Effective Dispute Resolution

One of the most important advantages of mediation is its ability to provide a quicker and more affordable means of resolving consumer disputes. Traditional litigation often involves multiple hearings, procedural formalities, legal expenses, and prolonged waiting periods, which can discourage consumers from pursuing legitimate claims. Mediation, by contrast, focuses on direct communication and negotiated settlement, enabling disputes to be resolved within a shorter timeframe.

The informal nature of mediation also reduces the financial burden on parties. Since the process is less complex and requires fewer procedural steps, consumers can seek remedies without incurring substantial litigation costs. This feature is particularly beneficial for disputes involving relatively small monetary claims, where the expenses associated with litigation may outweigh the value of the claim itself. Consequently, mediation promotes practical and economically viable justice.

5.2 Reduction of Case Backlogs

The growing number of consumer complaints has placed considerable pressure on consumer commissions across the country. Delays resulting from excessive caseloads can undermine public confidence in the justice delivery system and reduce the effectiveness of consumer protection mechanisms. Mediation plays an important role in addressing this problem by diverting suitable disputes away from formal adjudication. When parties successfully resolve their disputes through mediation, consumer commissions are able to allocate greater time and resources to cases requiring judicial determination. This not only improves institutional efficiency but also contributes to faster disposal of pending cases. By reducing the burden on adjudicatory bodies, mediation supports the broader objective of ensuring timely justice for consumers while enhancing the overall functioning of the consumer dispute resolution system.

5.3 Consumer Empowerment and Participation

Unlike traditional litigation, where decisions are imposed by an adjudicatory authority, mediation actively involves consumers in the resolution process. Parties are encouraged to express their concerns, communicate their expectations, and participate directly in identifying mutually acceptable solutions. This participatory approach empowers consumers by giving them a meaningful role in determining the outcome of their disputes. Consumer empowerment through mediation extends beyond individual cases. The process promotes awareness of consumer rights, encourages informed decision-making, and fosters confidence in dispute resolution mechanisms. By enabling consumers to engage constructively with businesses and service providers, mediation strengthens the principle that justice should be accessible, inclusive, and responsive to the needs of those it serves.

5.4 Preservation of Consumer-Business Relationships

Consumer disputes often arise within ongoing commercial relationships involving service providers, retailers, financial institutions, or digital platforms. Adversarial litigation may intensify conflicts and damage relationships between the parties. Mediation offers a more cooperative approach by focusing on communication, understanding, and mutually beneficial outcomes.

The collaborative nature of mediation helps preserve trust and goodwill between consumers and businesses. Rather than concentrating solely on legal rights and liabilities, the process encourages parties to identify practical solutions that address their underlying concerns. This approach can be particularly valuable in service-related disputes where continued interaction between the parties is likely. By promoting constructive dialogue, mediation contributes to long-term commercial harmony and consumer satisfaction.

5.5 Enhancing Access to Justice

Access to justice is a fundamental objective of any effective consumer protection system. Mediation enhances access to justice by providing a simple, flexible, and user-friendly forum for dispute resolution. Consumers who may be deterred by the complexity, cost, or duration of litigation are more likely to seek remedies through mediation. The process is especially beneficial for vulnerable and economically disadvantaged consumers who may face barriers in pursuing formal legal proceedings. By reducing procedural obstacles and encouraging amicable settlements, mediation ensures that justice is not limited to those with substantial financial resources or legal expertise. The significance of accessible dispute resolution mechanisms was recognized by the Supreme Court in *State of Punjab v. Jalour Singh*[9], where the Court held the value of consensual settlement processes in achieving efficient and effective justice. In the consumer context, mediation therefore serves as an important instrument for advancing fairness, inclusiveness, and meaningful access to remedies.

6. LEGAL AND INSTITUTIONAL CHALLENGES IN CONSUMER MEDIATION

Although the introduction of mediation under the Consumer Protection Act, 2019 represents a progressive step towards improving consumer dispute resolution, its practical implementation continues to face several legal and institutional obstacles. While mediation offers advantages such as speed, affordability, flexibility, and reduced litigation, these benefits can only be realized when supported by an effective institutional framework and widespread public acceptance. The success of consumer mediation depends on factors such as awareness, infrastructure, professional expertise, procedural clarity, enforceability of settlements, and technological accessibility. In the absence of these elements, the mediation process may struggle to achieve its intended objectives. Therefore, a critical examination of the challenges confronting consumer mediation is essential for assessing its effectiveness and identifying areas requiring reform.

6.1 Lack of Public Awareness and Consumer Participation

One of the most significant challenges affecting consumer mediation in India is the limited awareness among consumers regarding the availability and benefits of mediation as a dispute resolution mechanism. Many consumers continue to associate justice exclusively with formal adjudication and remain unfamiliar with the concept of negotiated settlement. As a result, parties often prefer litigation even in disputes that could be resolved more efficiently through mediation.

The problem is particularly pronounced in rural and semi-urban areas where knowledge of

[9] State of Punjab v. Jalour Singh, (2008) 2 SCC 660

consumer rights and alternative dispute resolution mechanisms remains inadequate. Consumers frequently lack information about the existence of Consumer Mediation Cells and the procedures for accessing them. Businesses and service providers may also demonstrate reluctance to participate due to misconceptions that mediation signifies admission of liability. Consequently, low levels of awareness reduce the number of disputes referred for mediation and limit the overall effectiveness of the system.

6.2 Inadequate Infrastructure and Resources

The effectiveness of any dispute resolution mechanism depends largely upon the availability of adequate institutional infrastructure. Despite the statutory establishment of Consumer Mediation Cells, many consumer commissions continue to face shortages of physical facilities, administrative support, and financial resources necessary for conducting mediation proceedings effectively.

Several mediation centres operate with limited office space, insufficient staff, and inadequate technological resources. These shortcomings affect case management, scheduling of sessions, maintenance of records, and overall administrative efficiency. Resource constraints are particularly evident in smaller districts where consumer commissions themselves struggle with infrastructural deficiencies. Without sustained governmental investment and institutional support, the objective of creating a robust mediation framework may remain difficult to achieve. The challenge therefore extends beyond legal recognition and requires significant improvements in administrative capacity and resource allocation.

6.3 Shortage of Skilled and Trained Mediators

The success of mediation largely depends upon the competence, neutrality, and communication skills of mediators. However, India currently faces a shortage of professionally trained mediators with specialized knowledge of consumer law and dispute resolution techniques. Many individuals appointed as mediators may possess legal qualifications but lack practical training in negotiation management, conflict resolution, and settlement facilitation.

Consumer disputes often involve technical issues relating to banking services, insurance claims, e-commerce transactions, healthcare services, and digital platforms. Resolving such disputes effectively requires mediators who possess both legal understanding and sector-specific expertise. Inadequate training may affect the quality of mediation proceedings and reduce public confidence in the process.

The importance of professional mediation standards was emphasized by the Supreme Court in *Vikram Bakshi v. Sonia Khosla*[10], where the Court acknowledged the growing significance of mediation and the need for qualified professionals capable of facilitating meaningful settlements. Strengthening mediator training and accreditation therefore remains a crucial institutional requirement.

6.4 Procedural and Administrative Challenges

Although mediation is intended to simplify dispute resolution, procedural and administrative uncertainties continue to create practical difficulties. Questions often arise regarding the selection of suitable cases for mediation, timelines for conducting proceedings, coordination between consumer commissions and mediation cells, and management of unsuccessful mediation attempts. Inconsistencies in referral practices may result in similar disputes being treated differently across jurisdictions. Delays in administrative processing can also undermine the objective of speedy dispute resolution. Furthermore, the absence of uniform standards regarding documentation, reporting procedures, and monitoring mechanisms may affect the consistency and predictability of mediation outcomes. Administrative challenges are further compounded by the lack of comprehensive data collection and performance evaluation systems. Without reliable statistical information regarding settlement rates, duration of proceedings, and user satisfaction, it becomes difficult to assess the effectiveness of consumer mediation and formulate evidence-based reforms.

6.5 Concerns Regarding Enforcement of Settlements

Another important challenge relates to the enforceability and long-term compliance of mediated settlement agreements. Although settlements recorded by consumer commissions possess legal validity, practical concerns may arise when one party fails to fulfil the agreed terms. In such situations, consumers may be compelled to initiate additional proceedings to secure compliance, thereby diminishing some of the advantages associated with mediation.

Certain consumers may also perceive mediated settlements as less authoritative than judicial

[10] Vikram Bakshi v. Sonia Khosla, (2014) 15 SCC 80

decisions, particularly when disputes involve substantial financial claims or allegations of significant wrongdoing. Questions regarding accountability and fairness may arise if parties feel pressured to accept settlements due to economic or procedural considerations.

The need to ensure effective implementation of settlement agreements was highlighted in *Booz Allen and Hamilton Inc. v. SBI Home Finance Ltd.*[11], where the Supreme Court discussed the importance of legal certainty and enforceability in alternative dispute resolution processes. Strengthening mechanisms for monitoring and enforcing settlements is therefore essential for maintaining confidence in consumer mediation.

6.6 Digital and Technological Barriers

The increasing reliance on digital platforms for dispute resolution presents both opportunities and challenges for consumer mediation. While online mediation can improve accessibility, reduce costs, and facilitate participation across geographical boundaries, technological barriers continue to limit its effectiveness in many parts of India. A significant proportion of consumers, particularly in rural regions, lack reliable internet connectivity, digital literacy, or access to appropriate technological devices. These limitations create barriers to participation in online mediation proceedings and may exclude vulnerable sections of society from the benefits of digital dispute resolution.

Data security and privacy concerns further complicate the adoption of technology-driven mediation. The exchange of sensitive personal and commercial information through digital platforms requires robust safeguards against unauthorized access, misuse, and cyber threats. Additionally, technological failures such as connectivity disruptions, software issues, and inadequate technical support can affect the efficiency of online proceedings. As consumer transactions increasingly shift towards digital marketplaces, addressing technological barriers will become essential for ensuring that mediation remains inclusive, accessible, and responsive to the evolving needs of consumers in the digital economy.

7. CONCLUSION

The evolution of consumer protection in India reflects a growing commitment to ensuring accessible, efficient, and consumer-centric mechanisms for dispute resolution. The introduction

[11] Booz Allen and Hamilton Inc. v. SBI Home Finance Ltd., (2011) 5 SCC 532

of mediation under the Consumer Protection Act, 2019 represents a significant shift from a purely adjudicatory model towards a more collaborative and settlement-oriented approach. By providing an avenue for amicable resolution, mediation has the potential to strengthen consumer justice through speedy, cost-effective, and participatory dispute resolution. It not only reduces the burden on consumer commissions but also empowers consumers by enabling them to play an active role in resolving their grievances while preserving constructive relationships with businesses and service providers. Despite its considerable promise, the effectiveness of consumer mediation remains dependent upon the strength of its legal and institutional framework. The study has highlighted several challenges, including limited public awareness, inadequate infrastructure, shortage of trained mediators, procedural inconsistencies, concerns regarding the enforcement of settlements, and technological barriers affecting digital dispute resolution. These challenges indicate that legislative recognition alone is insufficient to ensure the successful functioning of mediation. Continuous institutional support, administrative efficiency, and capacity-building measures are essential for achieving the objectives envisioned by the legislature. The enactment of the Mediation Act, 2023 and the establishment of Consumer Mediation Cells provide a strong foundation for the future development of mediation in consumer disputes. However, greater efforts are required to enhance public confidence, improve professional standards, and promote awareness regarding the benefits of mediation. A well-structured and effectively implemented mediation system can significantly contribute to reducing litigation, improving access to justice, and strengthening consumer rights.

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