AI-ASSISTED ONLINE DISPUTE RESOLUTION IN ADMINISTRATIVE LAW: RECONCILING EFFICIENCY, TRANSPARENCY AND NATURAL JUSTICE

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I. ABSTRACT

In this developing E-governance and dispute resolution era there is a change in the way in which citizens interact and communicate with public authorities or the Government. Online Dispute Resolution (ODR) is newly focused field which gives a chance to resolve disputes involving administrative bodies through digital dispute resolution mechanisms like Online Negotiation, Mediation, Conciliation and Arbitration. The combination of Artificial Intelligence (AI) into ODR facilitates automated case management, finding appropriate legal issues involved in the dispute, prospective analysis and outcome recommendations which works for all the parties involved in the dispute. Although, the use of AI-assisted ODR in the administrative discipline raises principal questions about procedural fairness, transparency, accountability and access to justice.

This paper focuses whether AI-assisted ODR can be effectively amalgamated into administrative dispute resolution without eroding the fundamental principles of administrative law such as audi alteram partem, decision-making, administrative discretion, institutional impartiality, judicial review and equality. The study also further examines the challenges made by algorithmic bias, opaquness, data protection, unequal digital access and the difficulty of attributing responsibility for AI-assisted outcomes. This paper also examines whether such safeguards of administrative law are adequate for digitally mediated dispute resolution or whether additional procedural safeguards are necessary in such cases. This paper adopts a doctrinal and analytical approach, which is to examine relevant principles of Indian administrative law alongside emerging developments in ODR and AI-assisted decision-making. It also establishes that technological efficiency cannot justify itself by compromising procedural fairness. Instead, AI-assisted ODR should operate within a framework of human oversight, transparency, explainability, meaningful participation and effective judicial review. The study ultimately seeks to develop a rights-based framework for

this unique combination i.e. AI-assisted ODR into administrative dispute resolution while preserving the legitimacy and accountability of public decision making.

Keywords: Artificial Intelligence, Online Dispute Resolution, Administrative Law, Natural Justice, Algorithmic Accountability, Digital Personal Data Protection, Judicial Review.

Research objectives and methodology:

The objectives are:

I. what functions can AI responsibly perform in administrative ODR?

II. How do Indian principles of natural justice and reasoned decision making apply in such AI assisted ODR cases??

III. what benefits and risks arise in the Indian context in regards to such AI assisted ODR

IV. what safeguards should govern such deployment?

Methodology: This research paper adopts a doctrinal and analytical method, drawing on constitutional provisions, Supreme Court decisions, legislation and official policy documents. The discussion is normative; it does not claim that India presently has a single comprehensive statute specifically regulating AI-assisted administrative ODR.

II. Introduction and conceptual framework

Administrative law regulates the exercise of public power and ensures that government is acting within the law i.e. for proper purposes, fairly and rationally. Disputes that arise over matters such as public benefits, licences, taxation, procurement, regulatory penalties, public employment, local-government decision, access to public services and others. Many such disputes involve large caseloads, fragmented records, repeated procedural steps and citizens who cannot easily travel to an administrative office or court which is absolute hustle to be faced and results in not addressing the matters on time.

ODR is not merely a video hearing nor online portal. It is the use of digital technology to support or conduct dispute resolution, including online negotiation, mediation, conciliation and, where legally permissible, arbitration. AI-assisted ODR is a narrower category in which

such systems help perform tasks such as sorting filings, extracting facts, translating submissions, identifying relevant rules, flagging missing documents, summarising records or suggesting possible resolutions to the facilitator even helps in assisting on language barriers if its trained accordingly. These functions differ significantly in risk. A reminder about a missing attachment is not equivalent to a model recommending that a pension be denied.[1]

Administrative ODR also differs from private commercial ODR. A public authority may exercise statutory power, control essential records and affect a person's legal status or access to public resources. The individual may not be negotiating with an equal party. Further, public-law decisions must remain attributable to a legally competent authority and open to constitutional scrutiny. An algorithm cannot independently acquire statutory jurisdiction merely because it can process information quickly and it also deals with general public of the company which is very sensitive which need to be handled definitely by human who should be from government department or human assistance with AI support.[2]

Central argument

AI can improve the accessibility and consistency of administrative dispute resolution if it deployed as accountable decision-support. It becomes legally dangerous when its recommendations operate as unreviewable decisions, when parties cannot understand or challenge the basis of an outcome, or when a nominal human reviewer simply endorses the system and doesn't review it well.

III. Indian legal and policy framework

3.1 Constitutional foundations

Articles 14 and 21 of the Indian Constitution provides the core constitutional setting. Article 14 restrains from arbitrary state action and supports equality and non-arbitrariness, while Article 21 requires legally fair procedure where life or personal liberty is involved. Depending on the nature of the dispute, other rights may also be relevant for example, Article 19 deals

[1] NITI Aayog Expert Committee on ODR, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (Oct. 2021), https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf

[2] Press Info. Bureau, Ministry of Law & Just., Online Dispute Resolution (Mar. 25, 2022), https://www.pib.gov.in/newsite/PrintRelease.aspx?lang=2&reg=48&relid=233890

with freedoms, Article 300A[3]in property matters, and statutory protections governing employment, welfare or licences. Digitisation does not remove these obligations. It's a process that is formally available online but practically inaccessible to a person with a disability, limited connectivity or low digital literacy which may undermine meaningful participation of the people who are in need.

3.2 Natural justice and fair hearing

In *Swadeshi Cotton Mills Co. Ltd. v. Union of India,* [4]the Supreme Court discussed audi alteram partem as a foundational rule of fair administrative process, particularly when action has civil consequences. The perspective of a fair hearing varies with context, it may include notice of the case to be met, access to adverse material, an opportunity to respond and genuine consideration of that response. In an AI-assisted process, these requirements raise additional questions like: must the person be told that AI is being used? Can they correct an inaccurate summary? Can they challenge an inference generated from incomplete data? A fair hearing cannot be reduced to an upload portal if the authority has already treated an opaque algorithmic score as decisive.

3.3 Duty to give reasons

In *Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan*[5],the Supreme Court emphasised the importance of reasons in decisions which affecting parties. Reasons restrain arbitrariness and enable meaningful appellate or judicial review. An AI-generated score, unexplained risk category or statement that "the system recommends rejection" is not, by itself, or an adequate statement of reasons. The responsible authority should explain the material facts, applicable legal standard, principal reasoning and treatment of important contrary submissions.

3.4 Digital and data-protection framework

The Information Technology Act, 2000 recognises electronic records and provides a legal foundation for aspects of electronic governance, but it is not a comprehensive code for algorithmic administrative justice[6]. The Digital Personal Data Protection Act, 2023 establishes

[3] INDIA CONST. arts. 14, 19, 21, 32, 226, 300A.
[4] Swadeshi Cotton Mills Co. Ltd. v. Union of India, (1981) 1 S.C.C. 664 (India)
[5] Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan, (2010) 9 S.C.C. 496 (India)
[6]Information Technology Act, No. 21 of 2000, INDIA CODE (2000), https://www.indiacode.nic.in/indiacode/handle/123456789/1999?locale=en

a framework for processing digital personal data, subject to its provisions, commencement notifications, rules and applicable exemptions. Its relevance to ODR which includes purpose limitation, lawful processing, security and the handling of personal data. Before deployment, public bodies must verify which provisions are in force and how the act applies to the particular processing activity and it should not be assumed that every provision commenced simultaneously.[7]

3.5 Policy developments

NITI Aayog's 2021 ODR Policy Plan [8] treats ODR as a means of improving dispute resolution while identifying barriers such as digital infrastructure, digital literacy, trust, confidentiality and standards. It contemplates use of ODR in appropriate government disputes but does not establish that every administrative decision may be delegated to AI. India's AI Governance Guidelines, released in 2025, which added a policy-level emphasis on responsible, inclusive and accountable AI. These materials are important guidance, but they should not be misrepresented as a specific binding statute while authorising automated administrative adjudication[9].

IV. Potential benefits of AI-assisted administrative ODR

4.1 Speed, scale and reduced transaction costs

AI can help organise large records, identify duplicate filings, detect missing documents, route cases to the correct department and produce first drafts of procedural communications. Combined with online filing and virtual meetings, these functions can reduce repetitive administrative work and shorten avoidable delays. Faster processing matters where a dispute concerns subsistence benefits, delayed pensions, a small business licence or a time-sensitive regulatory issue. Yet speed is a legitimate objective only when it does not eliminate the time needed to understand and answer the case.

[7]Digital Personal Data Protection Act, No. 22 of 2023, INDIA CODE, https://www.indiacode.nic.in/bitstream/123456789/22037/2/a2023-22.pdf

[8] NITI Aayog Expert Committee on ODR, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (Oct. 2021), https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf

[9] Ministry of Electronics & Information Technology, India AI Governance Guidelines (2025), https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/nov/doc2025115685601.pdf

4.2 Better access and geographic reach

Online processes may reduce travel expenses, lost wages and dependence on physical access to government offices. Remote participation can be particularly helpful for people living far from administrative headquarters, caregivers and some persons with mobility impairments. AI-supported translation, speech-to-text and plain-language explanations may make procedures more navigable for people who do not work comfortably in formal legal English. These benefits are conditional: interfaces must work on low-bandwidth devices, support relevant languages and provide human assistance.

4.3 Consistency and early resolution

A properly designed system can help identify comparable cases, surface applicable rules and flag inconsistent treatment. It can also help parties understand likely procedural options and identify issues suitable for early settlement. In mediation or conciliation, AI may generate a checklist of disputed issues or help schedule sessions. This is most defensible when the parties and neutral retain control over the process and when settlement is voluntary rather than induced by a misleading prediction of what a court would do.[10]

4.4 Administrative learning and resource allocation

Aggregated, privacy-protective data may reveal recurring sources of disputes for example, unclear application forms, repeated documentation errors or delays at a particular stage. Departments could use this information to improve service design and prevent disputes rather than merely process them faster. This use should be distinguished from profiling individuals: system-level analysis may be beneficial, while individual-level risk scoring can create unfair or difficult-to-contest consequences.[11]

4.5 A realistic assessment

The strongest case for AI is not that it is inherently neutral or more accurate than public officials. Its value lies in assisting with repetitive, bounded tasks, making information easier to

[10] NITI Aayog Expert Committee on ODR, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (Oct. 2021), https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf

[11] Ministry of Electronics & Information Technology, India AI Governance Guidelines (2025), https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/nov/doc2025115685601.pdf

navigate and helping institutions identify bottlenecks. Performance should be demonstrated through pilots, independent evaluation and published measures such as resolution time, reversal rates, accessibility, user comprehension and disparities across groups.[12]

V. Risks and constitutional concerns

5.1 Algorithmic bias and unequal treatment

AI systems learn patterns from data, and administrative datasets may reflect historical exclusion, uneven enforcement or missing records. A model trained on past outcomes can reproduce those patterns while presenting them as objective predictions. Language, disability, geography, income, caste-linked proxies or inconsistent digitisation may affect data quality and model performance.

Article 14[13] concerns arise where similarly situated people receive different treatment for reasons unrelated to a lawful objective, or where a system uses proxies that create unjustified disadvantage. Testing should examine outcomes across relevant groups, but collection of sensitive data for testing must itself be lawful, necessary and safeguarded.

5.2 Opacity and the right to contest

Some AI systems cannot provide a simple account of why a particular output was produced. Commercial secrecy, technical complexity or vendor restrictions may prevent officials and affected persons from understanding the system. In administrative law, opacity is not merely a technology problem: it can prevent the person from correcting errors, prevent the decision-maker from exercising independent judgment and make judicial review ineffective. Authorities should be able to explain the material factors used, the limits of the model and the human reasoning that led to the final decision.

5.3 Automation bias and improper delegation

Officials may defer to a model because it appears scientific, because caseload targets reward speed or because they lack the training to challenge the output. Human involvement is not

[12] Press Info. Bureau, Ministry of Law & Just., Online Dispute Resolution (Mar. 25, 2022), https://www.pib.gov.in/newsite/PrintRelease.aspx?lang=2&reg=48&relid=233890
[13] INDIA CONST. art. 14.

meaningful if the officer routinely approves recommendations without scrutiny. Where legislation vests discretion in a named authority, that authority must exercise the discretion personally in accordance with law and relevant considerations. AI can inform the exercise of discretion; it should not silently replace the statutory decision-maker.[14]

5.4 Unequal digital access

A digital-first system can exclude people without reliable internet, private space, accessible devices, digital literacy or confidence in online communication. People may struggle to scan documents, join video hearings, understand automated notices or obtain help in their language. [15]A system that treats non-response as consent or non-cooperation can turn digital exclusion into an adverse legal inference. A parallel offline channel, assisted access and reasonable accommodations are therefore safeguards of legality, not optional conveniences.

5.5 Privacy, security and confidentiality

Administrative disputes may contain health, financial, employment, family or identity information. Uploading documents to third-party AI tools may create risks of unauthorised access, retention, reuse for model training, data breaches or cross-border transfers. ODR also requires confidentiality where mediation is used. Data minimisation, access controls, encryption, retention schedules, vendor restrictions, incident response and clear notices should be designed before deployment. Sensitive records should not be pasted into public AI tools.[16]

5.6 False confidence, hallucinations and accountability gaps

Generative AI may invent legal authorities, misstate a rule or summarise a record inaccurately. A recommendation can appear coherent while relying on non-existent precedents or facts absent from the file. Responsibility may become blurred among the officer, department, platform provider and model developer. The public authority must remain answerable for its decision; outsourcing software does not outsource constitutional responsibility. Records should identify the system version, input material, output, edits and the officer who adopted the final

[14] NITI Aayog Expert Committee on ODR, Designing the Future of Dispute Resolution: The ODR Policy Plan for India (Oct. 2021), https://www.niti.gov.in/sites/default/files/2023-03/Designing-The-Future-of-Dispute-Resolution-The-ODR-Policy-Plan-for-India.pdf
[15] Digital Personal Data Protection Act, No. 22 of 2023, INDIA CODE, https://www.indiacode.nic.in/bitstream/123456789/22037/2/a2023-22.pdf
[16] Ministry of Electronics & Information Technology, India AI Governance Guidelines (2025), https://static.pib.gov.in/WriteReadData/specificdocs/documents/2025/nov/doc2025115685601.pdf

reasoning.

5.7 The limits of settlement in public law

Not every dispute is suitable for negotiation or mediation. Questions involving statutory powers, public duties, public safety, third-party rights or a need for authoritative interpretation may require a formal determination. An agency should not use settlement to contract out of a statutory obligation or pressure a person to waive rights. ODR should be selected according to the legal nature of the dispute, not solely because it is cheaper.

VI. Recommendations: a rights-based model for India

6.1 Adopt a risk-tiered approach

Public bodies should classify AI use by its likely effect on rights. Low-risk support such as appointment scheduling, document indexing or translation subject to correction may be deployed with ordinary controls. Medium-risk tools such as issue extraction or legal research assistance should require accuracy checks, traceability and staff training. High-risk uses such as eligibility scoring, credibility assessment, penalty recommendations or recommendations affecting livelihood or legal status should trigger prior legal review, independent validation, enhanced explanation, meaningful human review and an effective challenge mechanism. Fully automated adverse decisions should not be used unless clear legal authority and robust procedural safeguards exist; in high-impact contexts, the preferred default is a human decision-maker.

6.2 Give notice and disclose material AI use

At the start of proceedings, parties should receive a plain-language notice identifying the AI functions used, the purpose of use, the categories of data processed, the role of the human officer and how to request correction or review. Disclosure should be proportionate: the public need not receive source code in every case, but a person must understand whether an algorithm materially influenced their case and how to contest the relevant factors.

6.3 Preserve a meaningful hearing

Parties should be able to submit evidence in accessible formats, see the material relied upon, correct inaccurate data, challenge AI-generated summaries and make representations before an

adverse decision. Where a system produces a material factual inference, the affected person should have a practical opportunity to dispute it. The system should not treat a person's inability to use the portal as a waiver of rights. Assisted filing, helplines, interpreters, disability accommodations and offline access should be available.

6.4 Require reasoned human decisions

The final order should be issued by the competent authority and state the facts found, governing legal provisions, principal submissions, reasoning and outcome. Where AI materially contributed, the order or accompanying disclosure should identify the function performed and explain why the officer accepted or rejected the recommendation. A generic statement that the model produced a score is insufficient. The officer must be able to depart from the model and record why.

6.5 Audit, recordkeeping and procurement

Before deployment, agencies should conduct an impact assessment addressing legality, necessity, proportionality, data protection, bias, security, accessibility and consequences of error. Procurement contracts should require audit access, documentation, incident reporting, data-use restrictions, version control, service continuity and a right to suspend unsafe systems. Maintain logs of inputs, outputs, human changes and final decisions for a defined period, subject to privacy and retention rules. Independent audits should test accuracy and differential error rates.

6.6 Data governance and security

Collect only information necessary for the dispute; segregate case files; restrict access by role; encrypt data in transit and at rest; set retention and deletion rules; and prohibit vendor reuse of case data for model training without a lawful basis and appropriate safeguards. Conduct security testing and maintain a breach-response plan. A data-protection impact assessment should be integrated into the wider administrative-law impact assessment, rather than treated as a separate box-ticking exercise.

6.7 Maintain access to courts and remedies

ODR should not obstruct statutory appeals, tribunals or constitutional remedies under Articles 32 and 226. Notices should explain applicable deadlines and available review channels. Courts

and appellate bodies should be able to obtain the record needed to assess the legality of the process, including the role of AI. A person should not have to prove the internal workings of a proprietary model before challenging an administrative decision.

6.8 Pilot, evaluate and revise

Start with voluntary, lower-stakes and legally suitable disputes. Publish evaluation criteria and results, invite feedback from citizens, lawyers, disability groups and civil society, and provide a clear route to suspend a tool where harms appear. Measure not only speed and cost but also accessibility, settlement quality, user understanding, reversal rates, complaints, security incidents and unequal error rates. Scale-up should follow demonstrated public value, not vendor claims alone.

VII. Proposed operational safeguards and implementation

A. Minimum procedural protocol

A public authority using AI-assisted ODR should follow a documented protocol: (1) confirm statutory competence and suitability of ODR; (2) notify parties of the process and AI use; (3) offer accessible digital and non-digital participation; (4) identify the evidence and rules relevant to the dispute; (5) permit correction and response; (6) record the AI tool's role and material outputs; (7) require independent human assessment; (8) issue a reasoned order or record a voluntary settlement; and (9) explain appeal, complaint and judicial-review routes.

B. Responsibility matrix

The department remains legally responsible for the administrative outcome. The designated officer is responsible for independent consideration and reasons. The technology provider is responsible for contractual commitments concerning security, documentation, testing and incident notification. An independent auditor should test system performance and fairness. A grievance officer should receive complaints about access, data, incorrect outputs and procedural irregularities. Responsibility should be allocated clearly without allowing the department to blame the vendor or the vendor to claim that all legal responsibility lies with the user.

C. Model clause for a public-facing notice

"This process uses digital tools, including AI-assisted functions, to help organise information and support case handling. AI-generated material is not, by itself, the final decision. A designated public official is responsible for the decision. You may correct inaccurate information, respond to material relied upon, request assistance or an alternative mode of participation, and use the review or appeal process described in this notice. Contact details for assistance and complaints are provided below." This wording is a starting point and should be adapted to the particular statute and actual system; it must not be used if the system does in fact make the final decision.

D. Dispute suitability

Potentially suitable categories may include routine, low-value claims, service-delivery complaints, document-completion disputes and matters where parties can voluntarily settle within statutory limits. High-impact disputes involving deprivation of benefits, licence cancellation, serious penalties, public employment, credibility findings or complex questions of law require heightened safeguards and may be unsuitable for AI-led resolution. Criminal liability, non-arbitrable disputes and matters involving non-waivable public duties should not be channelled into private settlement merely for convenience.

E. Implementation sequence

Phase I should establish inventories of AI use, legal review, data mapping, staff training and low-risk pilots. Phase II should introduce common procurement standards, audit requirements, accessible interface design and complaint mechanisms. Phase III should permit wider adoption only after independent evaluation and publication of results. A central model policy can support consistency, but departments must still adapt procedures to their enabling statutes and the needs of affected communities.

VIII. Conclusion

AI-assisted ODR offers India a practical opportunity to improve the way citizens engage with public authorities. It may reduce repetitive work, widen geographic access, assist people navigating complex procedures and help agencies identify recurring sources of dispute. Those gains are important in a system where delays and procedural complexity can themselves

weaken access to justice. But a dispute involving public power is not simply a workflow problem. It is a question of legality, rights, institutional responsibility and public trust.

Indian administrative law already supplies essential safeguards. Natural justice requires a meaningful opportunity to answer the case; the duty to give reasons helps restrain arbitrariness and makes review possible; Article 14 demands non-arbitrary state action; and Articles 32 and 226 preserve constitutional remedies. Digital systems should be designed around these duties rather than treated as exceptions to them. Data-protection and AI-governance frameworks provide additional considerations, but general policy guidance cannot substitute for clear legal authority and procedures tailored to the consequences of a decision.

The appropriate model is therefore neither blanket rejection nor uncritical automation. AI should ordinarily perform bounded assistance functions while the legally authorised official remains accountable for findings and outcomes. The more a system influences a decision affecting rights, livelihood or legal status, the stronger the requirements for disclosure, explanation, human review, auditability and challenge. Offline alternatives, language access and disability accommodations are indispensable in the Indian context. Above all, the person affected must be able to understand what happened, correct errors and obtain an effective remedy.

Efficiency is a public value, but it is not the sole measure of administrative justice. The legitimacy of AI-assisted ODR depends on whether it makes public decision-making more accessible and accountable without making it more obscure or unchallengeable. Properly governed, AI can support administrative justice. Without safeguards, it risks converting administrative discretion into automated opacity. The governing principle should be simple: technology may assist public power, but it must not place public power beyond explanation, responsibility or review.

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