

# LAW CAPSULE

For Law Competitive Exams

## LAW RELATING TO ALTERNATIVE DISPUTE RESOLUTION (ADR)



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The courts and judicial system of our country are overburdened with litigation. Keeping in mind the caseload of courts, Alternative Dispute Resolution (ADR) Mechanisms have gained popularity. By its very nature, ADR is meant to be an alternative to courts and speedier remedy for dispute resolution. All disputes (family, labour, civil, commercial etc.) except for grave criminal cases, in India, can be settled through ADRs.

Advantages of out of court settlement over litigation in courts are many and some of them are:-

1. Cordial relationship between business entities and disputing individuals remains unaffected to some extent.
2. Confidentiality/privacy of the parties is protected.
3. Saving of time and cost of all concerned.
4. Effective and quick resolution of dispute to the satisfaction of parties.

Some of the Laws relating to settlement of disputes enforced in India are as follows:-

### Civil Procedure Code, 1908

Section 89 of the Code provides an option for the settlement of disputes outside the court. The court may formulate the terms of a possible settlement and refer the same for arbitration, conciliation, mediation or judicial settlement.

### Consumer Forums

The Consumer Protection Act, 1986 tries to help a consumer when the power supplied is subject to deficiency. Its main objective is better protection of the interest of consumer and as far as possible quick disposal of the cases.

Under the Consumer Protection Act, 1986 three Consumer Dispute Redressal Agencies have been established:

- Consumer Dispute Redressal Forum (District Forum)
- Consumer Dispute Redressal Commission (State Forum)
- National Consumer Dispute Redressal Commission (National Commission)

Pecuniary jurisdiction of the District Forum is 5 lakhs. In case of the State Commission it extends from 5 lakhs to 20 lakhs and any claim, which exceeds 20 lakhs, shall fall under the jurisdiction of the National Commission. The consumer within the Consumer Protection Act, 1986 means any person who either -

- Buys any goods for consideration; or
- Hires or avails of any services for a consideration

This does not include any service free of charge or under a contract of personal service. Deficiency<sup>1</sup> means any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under the law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service.

<sup>1</sup> Section 2(1) G of the Consumer Protection Act, 1986