

**Online Dispute Resolution Mechanism is a laudable initiative and saves time and cost: Vice President**

Vice President's Secretariat

## **Online Dispute Resolution Mechanism is a laudable initiative and saves time and cost: Vice President**

**Shall go a long way attracting more FDI and strengthen economy;**

### **Addresses the National Conference on 'Online Dispute Resolution Mechanism'**

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The Vice President of India, Shri M. Venkaiah Naidu has said that Online Dispute Resolution Mechanism is a laudable initiative to fast-track dispute resolution and it shall go a long way in resolving disputes, attracting more foreign investment by projecting India as an investor-friendly country and strengthen economy. He was addressing the National Conference on 'Online Dispute Resolution Mechanism', organized by the Construction Industry Arbitration Council (CIAC), here today. The retired Secretary, Ministry of Law & Justice, Shri P.K. Malhotra and other dignitaries were present on the occasion.

The Vice President complimented the Ministry of Law & Justice for taking the initiative in evolving this system and said this will help courts to concentrate on access to justice to people in better manner. He further said that the rapid development of the Internet and electronic commerce, Online Disputes Resolution has been labeled "a logical and natural step" as it facilitates expeditious resolution of disputes.

The Vice President said that the CIAC has been closely associated with UN Commission on international trade and law. He further said that domestic and international trade and commerce has spurred competition provide more opportunities and imputed risks. The commercial arbitration in India is witnessing a steady transition and it should become more simpler, he added.

The Vice President said that country like India having a sound legal framework and ease of doing business can become a natural choice for investors. He further said that flagship programs like establishment of Smart Cities in India would require a techno-legal smart dispute resolution mechanism. People should also be made aware of the avenues available, he added.

The Vice President said that Online Dispute Resolution mechanism is the need of the hour keeping the increase of e-commerce and e-businesses in view. He welcomed the measures taken by Ministry of Law and Justice to introduce Online Dispute Resolution through mediation, arbitration and conciliation. This results in saving a lot of time and cost, he added.

Following is the text of Vice President's address:

"It is a pleasure to inaugurate the first National Conference on "Online Dispute Resolution

Mechanism” organized by Construction Industry Arbitration Council (CIAC) and their prime partner AICTE.

With the increase of e-commerce and e-businesses, many disputes arise between parties across borders and Online Dispute Resolution (ODR) is, therefore, the need of the hour. It basically seeks to fast track solutions.

I welcome the measures taken by Ministry of Law and Justice to introduce Online Dispute Resolution through mediation, arbitration and conciliation. I must say that this is a laudable step to fast track dispute resolution in the country.

The nation has embarked upon an ambitious program of building the physical infrastructure, highways, roads, and other related structures, to enable surface transportation sector. In the next five years, these are likely to cost the nation around Rs.105,000 crore. Housing would need an investment of Rs.65,000 crore, civic services, another Rs.45,000 crore, Core Sector construction and power sector require at least another Rs.200,000 crore. The impact of these investments and the performance of the Construction Industry on the economy of the country cannot, therefore, be overstated.

Analysis of the causes of delay in contracts shows that the major reasons resulting in time over-runs, and resultant cost over-runs, are the ineffectiveness of Dispute Resolution Mechanism and the penalty clauses in contract documents. Although several modifications have been made in existing arbitration procedures, they have brought little comfort.

A Survey conducted by Construction Industry Development Council (CIDC) shows that disputes amounting to a large sum ( over Rs. 3, 50,000 crores) are pending with Arbitrators / Conciliators for periods ranging between 2 and 10 years.

A substantial portion of Plan funds go into construction and the government is rightly disturbed over cost and time over-runs.

In order to ensure speedy resolution of commercial disputes and facilitate effective conduct of international and domestic disputes, it is necessary to adopt various dispute resolution mechanisms. This shall also encourage foreign investment by projecting India as an investor-friendly country having a sound legal framework and ease of doing business in India

With the rapid development of the Internet and electronic commerce, Online Disputes Resolution has been labeled “a logical and natural step” as it facilitates expeditious resolution of disputes.

Despite increasing inflow of foreign capital in the Indian economy, India’s potential to attract Foreign Direct Investment from the world has not yet been sufficiently tapped. This is happening because India lags behind other countries in having an effective dispute resolution system. Even flagship programs like establishment of Smart Cities in India would require a techno-legal smart dispute resolution mechanism.

I am happy to note that to provide technical support to Arbitrators in ODR, CIAC is creating a pool of “**Arbitration Systems Specialists**” who would be young IT savvy engineers and post-graduates of MBA. I am told that as per projections, at least two lakh jobs would be created in this field in the next three years. It is heartening to see many of the young budding Arbitration Systems specialists in the audience.

I am glad that the first major online portal for ODR, supported by CIAC and National Highways Authority of India is being launched today. This will help NHAI to expedite dispute resolution and

speed up road construction.

I wish all the very best for the day long deliberations.

**JAI HIND!"**

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