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# Evolution and Growth of ADR in India: A Legal and Socio-Economic Perspective

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## ABSTRACT

*Alternative Dispute Resolution has emerged as a vital mechanism for resolving disputes outside the traditional courtroom framework. Alternative Dispute Resolution is a dispute redressal mechanism and a reliable source of settlement of disputes outside courtrooms. Alternative Dispute Resolution (ADR) had always been a dispute resolution from the very beginning. But it is emerging as an integral part of the judiciary in recent times. It is not a new concept but it speed up in recent years that it indicates that it is a new concept. This article evaluates recent legislative and policy developments, including the push for institutional arbitration and the introduction of online dispute resolution. Through the socio-legal lens, the study explores the potential of ADR in addressing commercial, matrimonial, and community-based conflicts. The research concludes with recommendations for strengthening the ADR framework in India to enhances its accessibility, credibility and enforceability.*

## I. INTRODUCTION

India's judiciary has long grappled with the burden of massive case backlogs, with millions of cases pending across various levels of courts. The formal justice system, while robust in theory, often proves inaccessible, expensive, and time-consuming for the common citizen. In this context, ADR has emerged as a practical, efficient, and less adversarial mode of resolving disputes. ADR encompasses methods such as Arbitration, Mediation, and Lok Adalats, offering disputing parties a chance to settle matters amicably without entering the traditional litigation process.

## II. HISTORICAL BACKGROUND

The roots of Alternative Dispute Resolution (ADR) stretch back to ancient times when communities relied on their own methods to settle disagreements. In those early societies, conflicts were often resolved within the tribe or community, with elders or respected figures stepping in to mediate through informal discussions and building consensus. These approaches, while not formalized, played a crucial role in keeping social harmony intact. Take ancient

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Greece and Rome, for instance, where we can see the beginnings of arbitration. Citizens frequently sought the help of trusted individuals to help them navigate disputes, especially in business dealings. Likewise, in Islamic law, practices like Tahkim (arbitration) were employed to resolve conflicts, particularly those related to trade and property. In these foundational models, ADR was more than just a way to settle disputes; it was also a means of fostering social unity, minimizing the chances of violence, and ensuring order within communities. Although these early practices weren't formalized, they set the stage for the structured ADR systems we recognize today.

### **A. The Modern Emergence of ADR (19th Century)**

The idea of Alternative Dispute Resolution (ADR) really started to take shape in the 19th century, fueled by the surge of industrialization and the boom in international trade. As businesses flourished, so did the number of disputes, especially in areas like commerce and maritime dealings, highlighting the urgent need for quicker and more effective ways to resolve conflicts. During this period, arbitration emerged as a recognized and efficient way to handle commercial disputes. A significant turning point for ADR was the establishment of international commercial arbitration, which provided a structured approach to resolving disagreements between businesses from different countries. The United States Arbitration Act of 1925, often referred to as the Federal Arbitration Act, played a crucial role by laying down a legal foundation for enforcing arbitration agreements and awards. As the 19th century transitioned into the 20th, arbitration became more formalized through organizations such as the American Arbitration Association (AAA) and the International Chamber of Commerce (ICC). These institutions crafted rules, procedures, and frameworks that helped bolster the credibility and acceptance of arbitration in both national and international arenas.

### **B. Post-World War II Expansion of ADR (1940s-1970s)**

The aftermath of World War II set the stage for the rise of Alternative Dispute Resolution (ADR), which aimed to promote international cooperation and settle disputes more effectively. As global commerce became increasingly complex, there was a growing need for efficient ways to resolve conflicts, leading to the establishment of ADR practices worldwide. During this time, arbitration gained traction and became more structured with the creation of various international arbitration bodies, like the International Centre for Settlement of Investment Disputes (ICSID) and UNCITRAL (United Nations Commission on International Trade Law). Simultaneously, the increase in industrial disputes, labor issues, and family conflicts spurred the development of mediation and conciliation methods. Mediation, where a neutral third party

helps the disputing parties reach a voluntary agreement, emerged as a more collaborative and less confrontational approach compared to arbitration or litigation. In the 1960s and 1970s, mediation started to take center stage, particularly in labor disputes and family law cases, where the focus shifted from just resolving conflicts to also maintaining ongoing relationships. This represented a significant change in how ADR was viewed, evolving into a tool for preventing conflicts and managing relationships rather than just a way to address disputes after they had escalated.

### **C. The Rise of ADR in the 1980s and 1990s**

The 1980s and 1990s marked a significant shift as Alternative Dispute Resolution (ADR) began to gain traction in mainstream legal systems. Courts and governments started to see the value in ADR, leading to the establishment of court-annexed ADR programs. These programs encouraged—or sometimes required—parties to explore resolution through ADR before diving into full-blown litigation. A pivotal moment came with the Civil Justice Reform Act of 1990 in the U.S., which laid the groundwork for integrating ADR into the civil justice system as a viable alternative to traditional court trials. By the mid-1990s, numerous states had enacted laws mandating mediation or arbitration for specific types of disputes, especially in family law and commercial cases. This push for court-mandated ADR was crucial in easing the burden on courts and offering parties a quicker, less confrontational way to resolve their issues. During this time, negotiation also became a more structured part of the ADR landscape. This process, which involves direct conversations between parties to reach a consensus, was acknowledged as a less formal yet effective means of settling disputes. It gained particular traction in corporate law, where businesses favored the speed and confidentiality of direct negotiations over the lengthy and public nature of litigation. Moreover, the emergence of Online Dispute Resolution (ODR) was a response to the growing globalization of commerce and the rise of the internet. ODR platforms enabled individuals and businesses to resolve their disputes without the need for face-to-face meetings, creating an efficient way to handle issues related to e-commerce transactions, intellectual property, and consumer protection.

## **III. ADR TODAY: INSTITUTIONALIZATION AND GLOBAL REACH**

By the early 21st century, Alternative Dispute Resolution (ADR) had firmly established itself as a key element of modern legal systems, gaining traction not just in the United States but across the globe. Many countries have woven ADR frameworks into their national laws, often making it a requirement for parties to explore these options before heading to court. For example, in several European nations, mandatory mediation is a standard step in civil cases,

and in Australia, ADR plays a significant role in the family law landscape.

#### **IV. INTERNATIONAL ADR: A GLOBAL PHENOMENON**

International arbitration has really taken the lead as the go-to way to settle disputes that cross borders, particularly in the realms of commerce and investment. One of the most recognized types of international alternative dispute resolution (ADR) is investor-state arbitration, where conflicts between foreign investors and the countries they invest in are resolved through arbitration. The ICSID Convention, established in 1966, laid the groundwork for this kind of ADR, and it's now seen as a vital instrument in international law for safeguarding investments. The rise of international ADR institutions like the ICC International Court of Arbitration, the London Court of International Arbitration (LCIA), and the Singapore International Arbitration Centre (SIAC) has made ADR more accessible and trustworthy around the world. These organizations have developed standardized procedures and rules that parties can count on, making sure that ADR stays a fair and predictable option for resolving disputes.

#### **V. CURRENT TRENDS IN ADR**

Today, ADR is constantly adapting to meet the evolving needs of society and the rapid pace of technological change. Here are some key trends to keep an eye on:

1. **Technology Integration:** The rise of Online Dispute Resolution (ODR) is making it easier for parties to settle disputes in real-time, no matter where they are in the world. This is especially important for consumer disputes and e-commerce transactions.
2. **Corporate Use of ADR:** Many big companies are now setting up their own in-house ADR departments to tackle internal conflicts or issues with suppliers and customers. These teams are using a variety of ADR methods to resolve disputes effectively while keeping business relationships intact.
3. **Expanded ADR in Family and Employment Law:** There's been a noticeable increase in the use of ADR, particularly mediation and conciliation, in family matters like divorce and child custody, as well as in workplace disputes.
4. **Sustainability and Environmental Disputes:** As environmental concerns gain more attention, ADR methods like mediation are being employed to settle disputes between businesses, governments, and environmental organizations, particularly regarding natural resource management and climate change.

#### **VI. CONCLUSION**

ADR has come a long way from its casual, community-driven beginnings to become a well-

established and professional system for resolving disputes in various fields. Its journey from arbitration to mediation, along with the embrace of tech-savvy solutions, showcases its flexibility and worldwide influence. Nowadays, ADR is an essential component of legal systems around the globe, providing a nimble, effective, and budget-friendly approach to settling conflicts and preserving relationships. With continuous advancements in technology and legal structures, ADR is poised to take on an even more significant role in the future of dispute resolution. Herein mentioned some recommendations to strengthen Alternative Dispute Resolution (ADR) in India addressing legal, structural, and awareness-related gaps:

1. Legal and institutional reforms by introducing a strengthening institutional arbitration and mediation centres.
2. Capacity building and training by introducing formal accreditation and licensing for arbitrators and mediators.
3. Promoting tech-enabled platforms for resolving low-value civil, consumer, and e-commerce disputes. Enforcing public-private partnerships to develop secure and scalable ODR systems.
4. Enhancing public awareness and access. Launching public awareness drives, especially at the district and village level, to inform citizens of ADR options.
5. Ensuring that free legal aid includes access to ADR services, especially for marginalized groups.
6. Encouraging people to opt for ADR before approaching courts, especially in contract and land disputes.

Strengthening ADR in India is not just a procedural reform- it is a step toward a more accessible, affordable, and participatory justice system. By institutionalizing ADR, investing in trained professionals, leveraging technology, and increasing public trust, India can reduce litigation burdens while upholding citizen's right to timely justice. A collaborative efforts from all stakeholders is essentials to unlock the full potential of ADR.

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