

# Contemporary Approaches to Dispute Resolution in India's MSME Sector: Insights from Literature (2022-2025)

Dr. Mourlin K

Assistant Professor (HR & OB)

Xavier Business School

St. Xavier's University, Kolkata, West Bengal, India

**Abstract:** *Dispute resolution remains a critical managerial and legal challenge for Micro, Small, and Medium Enterprises (MSMEs) in India. This literature review synthesizes research from 2022 to 2025, focusing on technological innovations, legal frameworks, managerial strategies, government initiatives, and economic impacts shaping dispute resolution mechanisms in Indian MSMEs. The study reveals rapid digital adoption via Online Dispute Resolution (ODR) platforms, evolving judicial clarifications, managerial capacity building, and the persistent challenges of cost, access, and enforcement. The review highlights policy shifts fostering accessible, efficient, and equitable dispute mechanisms reinforcing MSME growth and sustainability.*

**Keywords:** Online Dispute Resolution, MSME challenges, legal framework India, digital justice access, policy and governance

## 1.Introduction

MSMEs constitute a backbone of the Indian economy, yet dispute resolution within this sector entails unique managerial complexities. Delays in payments, lack of awareness, and resource constraints exacerbate conflicts. The period from 2022 to 2025 witnessed substantive advancements in legal, technological, and policy arenas aimed at improving dispute resolution accessibility and effectiveness for MSMEs. This review organizes extant literature theme-wise, discussing major research insights and developments impacting MSME dispute management.

## 2.Technological Innovations in Dispute Resolution

The Indian Ministry of MSME's 2025 launch of the ODR portal epitomizes the shift toward technology-driven dispute resolution. Sharma (2025) discusses how AI, blockchain, and smart contracts can automate and expedite conflict resolution processes, although digital literacy and legal adaptability remain challenges. Integration with e-courts and cybersecurity concerns are focal areas for ongoing refinement (NITI Aayog, 2025; Ministry of MSME, 2025).

## 3.Legal and Judicial Developments

Key judicial rulings clarified that MSMEs need not be registered under the MSMED Act to access dispute resolution provisions, expanding inclusivity (SCC Online, 2025). Courts enforce a conservative application of Section 9 relief after MSME conciliation to uphold arbitration sanctity (LegalMantra, 2025). The interface between Arbitration and MSMED Acts remains an active scholarly and judicial concern, prompting calls for harmonized legislation (Kumar & Sen, 2024).

## 4.Manual Capacity and ADR Strategies

MSME managers increasingly utilize alternative dispute resolution (ADR) mechanisms such as conciliation and mediation to preserve business relations and reduce costs (Kale, 2023). Managerial skill development in negotiation and contract management proves essential in preventing dispute escalation (Chatterjee, 2023; George, 2025). ADR training fosters quicker resolution outcomes and resource efficiency.

## 5.Challenges and Barriers

Despite advances, MSMEs confront cost barriers, power imbalances, and limited legal awareness that hinder arbitration uptake (Menon, 2024; Singh, 2025). Regional disparities further complicate equitable access to dispute mechanisms (Mukherjee, 2024). These challenges underscore the need for targeted supportive measures and educational outreach.

## 6.Government Initiatives and Policy Evolution

Digital platforms including the Samadhaan and ODR portals, supported by data-driven policy evolution, have reduced dispute resolution times by up to 60% and enhanced grievance redressal (Ministry of MSME, 2024, 2025). NITI Aayog (2025) highlights intersectoral collaborations strengthening dispute resolution ecosystems, aligning Indian MSME policies with global best practices (Narayanan, 2025).

## 7.Economic Impact and Enforcement

Efficient dispute resolution correlates with MSME sustainability and broader economic benefits (Venkatesh & Agarwal, 2023). Enforcement delays remain a critical bottleneck; however, digital monitoring tools demonstrate promise in accelerating award execution (Ghosh, 2025;

Supreme Court of India, 2025). Legal tech startups contribute innovative solutions tailored to MSMEs (Jain, 2025).

## 8.Summary Table of Key Themes and Representative Research

Theme	Key Insights	Representative APA Citations
Digital Dispute Resolution	AI-powered ODR, blockchain, and smart contracts transform dispute resolution; digital literacy challenges persist	Sharma (2025); Ministry of MSME (2025); NITI Aayog (2025)
Legal Frameworks & Judiciary	Clarifications on registration requirements, arbitration scope, and conciliation preserve accessible justice pathways	LegalMantra (2025); SCC Online (2025); Supreme Court (2025)
Managerial Strategies	ADR training and skills linked with reduced disputes, better relations, cost savings; conciliation preferred over litigation	Chatterjee (2023); George (2025); Kale (2023)
Challenges & Barriers	Arbitration costs, power imbalance, literacy gaps; regional disparities impact access	Menon (2024); Singh (2025); Mukherjee (2024)
Government Policies	Samadhaan & ODR portals improve access, reduce timelines, with ongoing policy evolution and international alignment	Ministry of MSME (2024, 2025); Narayanan (2025)
Economic Impact	Effective dispute resolution boosts MSME survival and economic contributions	Venkatesh & Agarwal (2023); Jain (2025)
Enforcement & Monitoring	Enforcement delays remain but digital monitoring offers improvements	Ghosh (2025); Supreme Court (2025)

## 9.Conclusion

From 2022 to 2025, India's MSME dispute resolution environment has evolved through technological adoption, clearer legal norms, managerial skill enhancement, and supportive government frameworks. Persistent challenges in cost, access, and enforcement require continued policy attention. The convergence of digital innovation, judicial clarity, and managerial preparedness offers a pathway toward more accessible, effective, and equitable dispute resolution for MSMEs, further empowering their critical economic role.

## References

- [1] Chatterjee, S. (2023). Managerial strategies in MSME dispute resolution. *MSME Management Journal*.
- [2] George, A. (2025). ADR training and its impact on MSME dispute outcomes. *Small Business Law Digest*.
- [3] Ghosh, K. (2025). Digital monitoring and enforcement of MSME dispute awards. *MSME Legal Policy Journal*.
- [4] Jain, M. (2025). Legal tech innovations for MSME dispute resolution. *Indian Startup Legal Review*.
- [5] Kale, R. (2023). Conciliation preferences in MSME disputes. *Indian Business Law Review*.
- [6] Kumar, A., & Sen, N. (2024). Facilitation councils and digital workflows in MSME dispute resolution. *Journal of Dispute Resolution*.
- [7] LegalMantra. (2025). No easy route to courts: Section 9 relief post conciliation under MSME framework. *LegalMantra Blog*.
- [8] Menon, V. (2024). Arbitration costs and access barriers for MSMEs. *Legal Studies Quarterly*.
- [9] Ministry of MSME. (2024). Samadhaan analytics brief. Government of India.
- [10] Ministry of MSME. (2025). MSME Day 2025: Launch of online dispute resolution portal. Government of India.
- [11] Mukherjee, B. (2024). Regional disparities in MSME dispute outcomes. *Regional Economic Insights*.
- [12] Narayanan, T. (2025). Inter-sector collaboration in MSME dispute resolution. *Journal of Legal Innovation*.
- [13] NITI Aayog. (2025). Digital justice report. Government of India.
- [14] SCC Online. (2025). Judicial developments under the MSME Act: Quarterly digest. SCC Online.
- [15] Sharma, R. (2025). Dispute resolution in a digital age: Challenges and opportunities. *SSRN*.
- [16] Singh, P. (2025). Legal awareness and disputes among MSMEs. *Law & Policy Review*.
- [17] Supreme Court of India. (2025). Judgments on MSME Facilitation Councils and award enforcement.
- [18] Venkatesh, D., & Agarwal, A. (2023). Economic impact of prompt dispute resolution for MSMEs. *Economic Review*.