

ONDC – Features & Impact on Private Enterprises

Open Network for Digital Commerce (ONDC) is a lead aiming to promote open networks for all aspects of exchanging goods and services over digital networks. ONDC is an open-sourced methodology that uses available specifications and open network protocols independent of any specific platform.

The foundations of ONDC are to be open protocols for all aspects of the entire chain of activities in the exchange of goods and services, similar to hypertext transfer protocol for information exchange over the internet.

These open protocols would be used for public digital infrastructure in the form of available registries and open network gateways to enable the exchange of information between seller and buyer. Both would be able to use any compatible application of their choice to exchange information and carry out transactions over ONDC.

Thus, ONDC goes beyond the current platform-centric digital commerce model where the buyer and seller have to use the application to be digitally visible and do a business transaction.

In India, when was ONDC launched?

The [Indian government](#) feels that ONDC will help curb the monopoly of big businesses and increase the reach of small merchants. The commerce and industry ministry launched the pilot phase of the open network for digital commerce in April 2022, in five cities Delhi NCR, Bengaluru, Bhopal, Shillong and Coimbatore.

The information on ONDC was given by the Minister of State in

the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha.

Features of ONDC

- ONDC, a UPI of e-commerce, seeks digital or electronic commerce, moving it from a platform-centric model to an open network. Through this, businesses will be able to save their data to build credit history and reach consumers.
- The ONDC platform will also be compliant with the Information Technology Act, of 2000 and designed for compliance with the emerging Personal Data Protection Bill.
- ONDC plans to enable sellers and consumers to be digitally visible and transact through an open network, regardless of their platform or application. It will also empower merchants and consumers by breaking silos to form a single network to drive innovation and scale, transforming all businesses from retail goods, and food to mobility.

“ONDC shall take all measures to ensure confidentiality and privacy of data in the network. ONDC shall not mandate sharing of any transaction-level data by participants with ONDC. Will work with its participants to publish anonymised aggregate metrics on network performance without compromising confidentiality and privacy.”

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1745611>



Impact of ONDC on Indian private enterprises

The Open Network for Digital Commerce (ONDC) is the Indian government's initiative that aims to curb digital monopolies and standardize online commercial interactions. It is a digital building block that could be used by all commercial businesses.

The digital world needs an open and standardized network to enable thriving commerce – what ONDC aims to enable. The ONDC is such a great way to curb digital monopolies.

ONDC could be an important addition to the digital building blocks available to businesses. It will unbundle the platform that controls the two-way interaction between a consumer and a seller.

On the ONDC, a seller based on open protocols could potentially interact and be connected to consumers, just as the buyer could also be connected to various businesses, very similar to the already existing [UPI platform](#) in India, where a person can make payments irrespective of the app the payer and receiver use.

ONDC can also help small businesses increase discoverability by creating a digital storefront and gaining autonomy of choice. Small business owners could gain a far more effective and efficient method of executing inventory procurement and can integrate their inventory status. the owner can manage things with applications registered with ONDC – just as the universal UPI id works. The open data ledger and privacy-protected data exchange (powered by ONDC's network policies) can also help owners create their credit scores using the information from transactions.

For large private enterprises, there is now an opportunity to reach the entire country and readymade platforms at a fraction

of the cost and time which otherwise would take several years and huge money to build and promote. Across retail, banking, financial services, [insurance](#), healthcare, education and many more, ONDC could enable an open and democratized way for the firm to conduct their business.

Summary

Open Network for Digital Commerce (ONDC) is a network based on open protocol and will enable local commerce across segments, such as mobility, grocery, food order and delivery, and travel, among others, to be discovered and engaged by any network-enabled application.

The platform aims to create new opportunities, digital monopolies and by supporting businesses and helping them get on online platforms. It is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry.

FAQ's on ONDC:

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