Open Network Digital Commerce (ONDC)

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In a significant stride towards realizing the vision of Digital India, Secretary of the Department of Food and Public Distribution inaugurated a pilot project to integrate Fair Price Shops (FPSs) into the Open Network Digital Commerce (ONDC).

About Open Network Digital Commerce (ONDC):

GOVT HOPES TO REPLICATE UPI MODEL'S SUCCESS
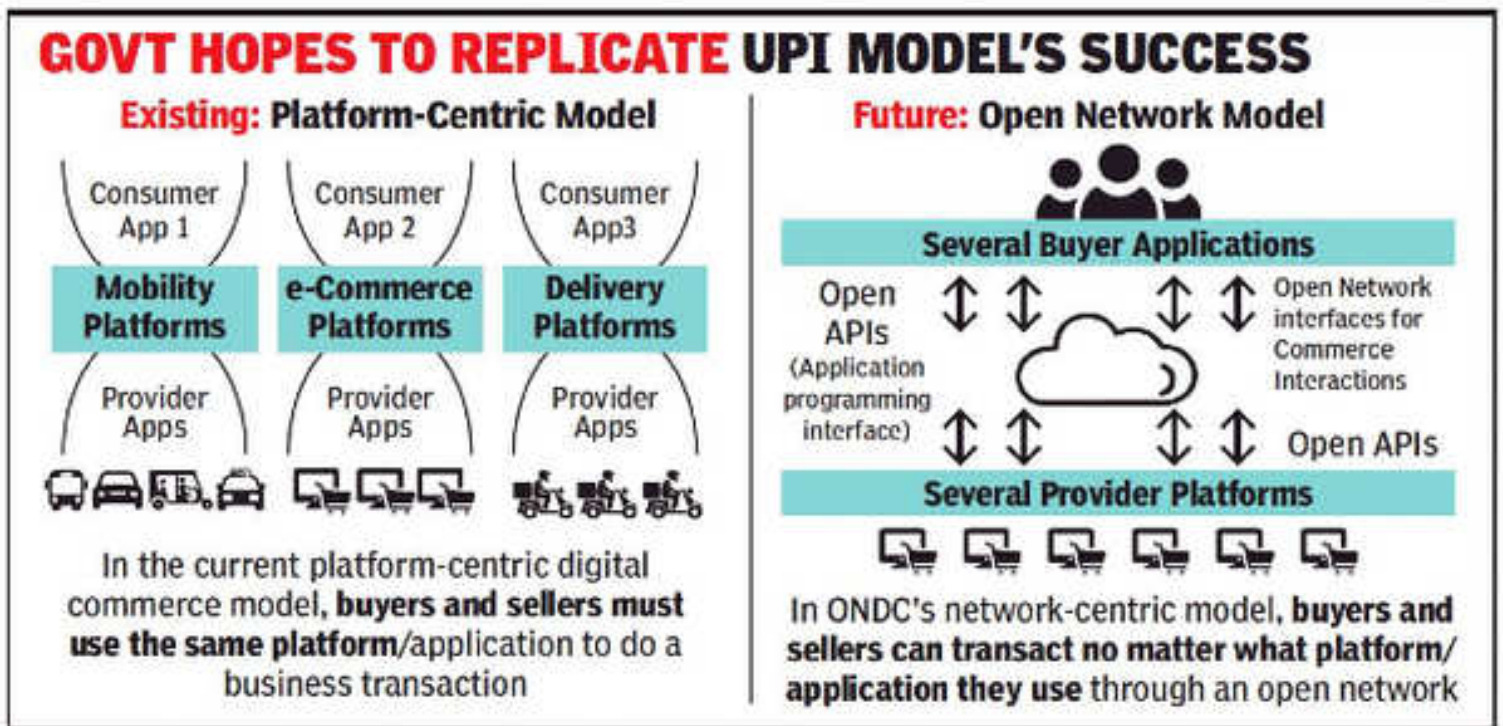
- Open Network for Digital Commerce (ONDC) is an initiative of the **Department for Promotion of Industry and Internal Trade (DPIIT)** under the Ministry of Commerce and Industry.
- It is a **network built on open protocols**, facilitating local commerce across various segments like mobility, grocery, food delivery, hotel booking, and travel.
- It is to be based on **open-sourced methodology**, using open specifications and open network

protocols independent of any specific platform.

Aims:

- It aims at **promoting open networks** for all aspects of exchange of goods and services over **digital or electronic networks**.
- It also aims to **democratize digital commerce**, shifting from a platform-centric model to an open network, supporting micro, small, and medium enterprises (MSMEs) and small traders.

Foundational Principles:

- **Open Protocols:** Similar to protocols like HTTP for internet information exchange, SMTP for emails, and UPI for payments, ONDC establishes open protocols for the entire chain of activities in the exchange of goods and services.
- **Public Digital Infrastructure**: Aims to **build public digital infrastructure** through **open registries** and network gateways, facilitating information exchange between providers and consumers.
- **Creating new opportunities**: Seeks to create new opportunities, curb digital monopolies, and empower local businesses to get online.

Platform Independence:

- **Freedom of Choice**: Providers and consumers can use any compatible application of their choice for exchange of information and carrying out transactions over ONDC.
- **Breaking Platform Barriers**: ONDC goes beyond the current platform-centric digital commerce model where the buyer and seller have to use the same platform or application to be digitally visible and do a business transaction.
  - It allows buyers and sellers to interact and **transact irrespective of the platform or application they use.**

Standardization of Operations:

- **Cataloguing, Inventory, Order Management:** ONDC protocols standardize operations, including cataloguing, inventory management, order processing, and fulfillment.
- **Empowering Small Businesses:** Small businesses gain flexibility by using any ONDC-compatible applications, freeing them from platform-centric policies.

Inclusivity and Accessibility:

- **Broadening Digital Reach:** ONDC encourages the **adoption of digital means** by providing multiple options for small businesses to be **discoverable over network and conduct business**.
- **Consumer-Centric Approach:** Enhances e-Commerce inclusivity, allowing consumers to discover any seller, product, or service using any compatible application, providing them with more choices.
- **Localization Emphasis:** Empowers consumers to choose local businesses, aligning with the vision of promoting local suppliers and enhancing value for consumers.

Confidentiality and Privacy Measures:

- **Data Protection**: ONDC prioritizes confidentiality and privacy of data in the network.
- **Transaction-Level Data**: Participants are not mandated to share transaction-level data with ONDC.
- **Transparent Metrics**: Will work with participants to publish anonymized aggregate metrics on network performance without compromising confidentiality and privacy.

Expected Impact:

- **Logistical Efficiencies:** Standardizing operations and encouraging local suppliers will drive efficiencies in logistics.
- **Enhanced Consumer Experience:** Consumers can match demand with the nearest available supply, ensuring a personalized and efficient shopping experience.
- **Local Business Promotion:** ONDC's emphasis on local suppliers aligns with the goal of supporting and promoting local businesses.

Features:

- **Democratization:** Similar to UPI for payments, ONDC aims to democratize digital commerce, providing a level playing field for businesses.
- **Credit History Building:** Merchants can save data on ONDC to build credit history, enhancing financial opportunities.
- **Compliance:** Will comply with the Information Technology Act, 2000, and align with the emerging Personal Data Protection Bill.
- **Platform Independence:** Enables sellers and buyers to be digitally visible and transact through an open network, breaking away from platform-centric restrictions.
- **Empowerment:** Aims to empower merchants and consumers by forming a single network to drive innovation and scale across various businesses.

Recent initiative:

DPIIT initiative:

- The Open Network for Digital Commerce (ONDC) is a **private non-profit Section 8 company** established by the Department for Promotion of Industry and Internal Trade (DPIIT) of the Government of India.
- Its primary goal is to develop an **open e-commerce platform**.
- The QCI was tasked with **incubating the ONDC based on open source methodologies** using open specifications and network protocols.

Fair Price Shops On-boarded on ONDC in Himachal Pradesh:

Benefits for FPS Dealers:

- **Digital Visibility:** Provides visibility in the digital marketplace.
- **Expanded Customer Base:** Access to a broader customer base beyond National Food Security Act (NFSA) beneficiaries.
- **Competitive Edge:** Enables FPS dealers to compete on an equal footing with large retailers and e-commerce platforms.
- **Assistance to Beneficiaries:** Beneficiaries facing online challenges can approach FPS dealers for assistance in placing online orders.