

ONDC network infrastructure development and services fee

Notification No.: 2024/12/03/01

Date: 03/12/2024

1. Context

Open Network for Digital Commerce (ONDC) is a not-for-profit company registered under Section 8 of the Companies Act 2013. ONDC develops and maintains the infrastructure that underpins the ONDC Network and provides critical network services to Network Participants (NPs) that allow the Network to function, while maintaining trust. Some of the critical services provided by ONDC include:

a. Technology Enablement

ONDC develops protocol specifications to enable interoperable transactions in various categories of products and services.

b. NP onboarding support and lifecycle management

The ONDC NP Portal provides a mechanism for NPs to manage their lifecycle on the Network from prototyping and onboarding, to day-to-day compliance and operations, till deboarding. ONDC's Pramaan portal gives NPs a streamlined mechanism to automate QA testing for their applications.

c. Community management

ONDC builds and manages communities to drive network governance & evolution

d. Policy Development and Compliance

ONDC develops and drives compliance with the ONDC Network Policy, which in turn ensures that all NPs behave in a fair & non-discriminatory manner. ONDC also engages with various government authorities to promote a regulatory environment that is conducive to doing business, and to ensure that the Network and its participants do not fall afoul of any existing laws.

e. Transparency

ONDC provides transparency and actionable insights on network growth, performance & network health metrics through the Network Observability framework, Catalogue Rejection Framework, and Open Data.

f. Capacity building & Knowledge sharing

ONDC publishes guidance and good practices for Network Participants to assist in their growth and to improve their offerings. ONDC also publishes guidance and conducts training sessions for NPs on various critical statutory and tax compliance issues, for the benefit of the NPs.

g. Grievance redress

ONDC provides a robust, multi-tiered consumer grievance redress system.

In the interest of driving quick adoption and to encourage participation, especially among smaller businesses, ONDC had so far not charged any fees. This approach has allowed the Network to establish a strong foundation and achieve healthy growth.

However, as the Network matures further, the introduction of a nominal fee is necessary to sustain and enhance the Network's and ONDC's operations. As an open network, ONDC requires continuous investments in technology infrastructure, information security, protocol development, and technical support to Network participants.

Accordingly, ONDC will start levying a nominal *ONDC Network infrastructure development and services development fee* to all NPs for each transaction conducted through the ONDC Network. The fee will ensure that ONDC can continue providing reliable infrastructure services to the Network ecosystem, while adhering to its not-for-profit principles, and also make further investment into the ecosystem for sustained growth and innovation.

ONDC has conducted extensive consultations with Network Participants, including an in-person consultation at the Network Participant Connect event held on 7th-8th November 2024, to arrive at a Network-wide consensus on the nature and quantum of these fees.

In view of all the above ONDC is issuing this notification.

2. Guiding principles for charging fees

ONDC has relied on a few key design principles in the design and implementations of the fee:

- (a) **Simplicity** - The fee has to be simple to understand, compute, implement and monitor
- (b) **Data-minimization** - Calculating and administering the fee should not require an NP to expose business-sensitive data beyond the bare minimum
- (c) **Fairness** - Since transactions of all categories use the infrastructure and network services to an identical degree, they should attract the same fee
- (d) **Equity** - The fees should be calibrated in a way that businesses in the Network can thrive
- (e) **Value-realisation**: The fees should only be levied when a Network Participant actually realises some value from using the Network

These guiding principles underpin the quantum, structure, and implementation of the fee.

3. Notification

In exercise of its powers under Clause 3 of the ONDC Network Participant Agreement, and Clause 3.3.1 of the ONDC Network Policy Chapter 3: Commerce Model; ONDC hereby notifies the following:

- (1) **Quantum of fees**: ONDC will levy a fee of INR 1.5 (exclusive of taxes) for every transaction conducted through the ONDC Network on every successful transaction¹ where the total transaction value exceeds INR 250 after discounts and taxes.
- (2) **Who will pay**: This fee will be paid by each Seller Network Participant (both ISN and MSN) on the basis of the number of successful transactions. The term Seller Network Participant includes Logistics Services Providers who are Network Participants. In the case of financial services the following entities on the network will be considered Seller Network Participants, and therefore liable to pay the fee:
 - (a) Credit - lenders;
 - (b) Insurance - insurance companies;

¹ As defined in Chapter 3 of the ONDC Network Policy

- (c) Mutual funds – AMC or their agents offering this in the network.
- (3) **How will transaction value be determined:** The transaction value amount will be as per the invoice issued to the customer.
- (4) **On which transactions will the fee apply:** The fee has to be paid on all successful transactions (irrespective of category) above the specified value threshold, provided there is no return or refund issued within the return/refund window specified by the seller in advance in their terms of sale to the buyer. The fee will apply even to transactions where the Buyer Network Participant and Seller Network Participant the same or related entities.
- (5) **Which transactions are exempt:** A transaction will not attract the fee if:
- (a) the order is cancelled before being fulfilled,
 - (b) if the transaction is below the aforementioned value threshold or
 - (c) if a return or refund is issued by the seller within the return/refund window specified by the seller in advance in its terms of sale to the buyer.
- (6) **Determining number of chargeable transactions:** The total number of chargeable transactions² conducted by the NP in every month will be as declared by the NP to ONDC by the 7th of the following month. ONDC may ask for additional information, and/or ask for certifications and declarations against the reported transactions for the month or carry out other necessary verifications, to ensure that the number of reported chargeable transactions is accurate.
- (7) **Invoicing:** The ONDC Finance team will issue an invoice to each Seller NP by the 15th of every month for successful transactions conducted in the previous month. For example, a Seller NP conducts 100 transactions in January where a fee is attracted. ONDC Finance Team will send an invoice to the Seller NP by 15th of February for fees to be paid against those 100 transactions.
- (8) **Fee payment timeline:** The fee will be payable within 10 calendar days from the date of issuing the invoice.
- (9) **Acceptable payment methods:** At this stage, all payments must be made to ONDC's bank account through a bank transfer. Account details as follows:
- (a) **Payee name:** Open Network for Digital Commerce Ltd
 - (b) **Account number:** 50100529332662
 - (c) **IFSC Code:** HDFC0000503
- (10) **Commencement date:** The fees will be on transactions starting 1st April 2025³.
- (11) **Dispute resolution:** In case of any complaints related to the quantum of fees or any other matter related to ONDC fees, the Network Participant may contact the ONDC Team on fees@ondc.org. In case of a dispute arising between the NP and ONDC in relation to the fees, the dispute will be resolved as per Chapter 6 of the ONDC Network Policy.

Any amendments including revising the quantum, nature, applicability, implementation mechanisms and other aspects of the fee Intimated as a notification 30 days in advance of the applicability of the new structure.

² Chargeable transactions means transactions on which the fee has to be paid.

³ Revised 1st January 2025 with 1st April 2025 by Notification No. 2024/12/26/01 dated December 26, 2024

4. Queries and concerns

In case of any concerns or queries related to this notification please write to us on fees@ondc.org