

## Guidance Note on Static Terms

### What is the Transaction Level Contract?

The prevalent practice in e-commerce is for the e-commerce entity to enter into an agreement with each user and service provider(s), and then all transactions between the parties take place under the terms of that agreement. So as an example, a Buyer will agree to the Terms of Use of an online marketplace, the Seller will have been on-boarded onto this marketplace through a merchant on-boarding agreement, and service providers, such as delivery agents will have contracts with the marketplace or the Seller. Each transaction that takes place between the Buyer and Seller, as well as any ancillary transactions (e.g.: pick up and delivery), will take place under the terms of the aforementioned agreements.

In the ONDC Network, Buyer Apps and Seller Apps have no such pre-existing contractual relationship at the time of entering into a transaction. Furthermore, the Buyer has no privity of contract with the Seller App, and the Seller does not have privity of contract with the Buyer App. So, the terms and conditions of each transaction are codified through a digital contract that is created on-the-fly and digitally signed by transacting parties. This contract, executed using the ONDC Protocol<sup>1</sup>, contains two sets of terms:

- (a) **Configurable Terms:** these are core operational obligations such as the fee charged by the Buyer App, party that will handle the delivery and the TAT for delivery of product, and the party that will collect payments from the Buyer. These obligations are dynamic in nature as it will differ from transaction to transaction. In the ONDC Network, these obligations are agreed by the parties mutually through the ONDC Protocol (API Specifications). Please refer to the document available here for more [details](#). and
- (b) **Static terms:** Static terms are the unchanging clauses that provide a standardized framework for each contract, ensuring consistency and clarity.

### Purpose of this document

ONDC received representations from several Network Participants regarding the need for standardising static terms. Standardised terms may ensure consistency in the way transactions are conducted across the network. This reduces confusion and ensures that all parties involved are on the same page.

To this end, ONDC has created a Model Static Terms that includes clauses related to:

1. Representation and Warranties
2. Fees, Payments and Invoicing
3. Indemnity
4. Data Protection
5. Confidential Information
6. Intellectual Property
7. Performance obligations
8. Governing law and dispute resolution
9. Category specific terms

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<sup>1</sup> ONDC Protocol means the API Specifications (based on the Beckn Protocol) and the associated process specifications developed and maintained by ONDC.

Please note that the Static terms along with the dynamic terms exchanged and agreed between the parties through the ONDC Protocol will govern the legal relationship between the Network Participants in a transaction. Therefore, we suggest following points should be kept in mind while interpreting the clauses provided in the Static Terms:

1. In contrast to traditional contracts that are ongoing in nature with a predetermined tenure, TLC on the ONDC Network will be an event specific contract. To put it differently, NPs will enter into a contract to fulfil a specific Order.
2. Holistic understanding of terms and conditions agreed under the TLC will be conditions agreed by the parties under configurable terms and static terms.

### How are Static Terms different from the NP agreement, ONDC Network Policy and Disclosures made by Network Participants?

The Static terms are the standardised clauses of the Transaction-level contract, which will cover the terms and conditions which are not captured over the APIs. Such terms include clauses related Representation and Warranties, Indemnity, Confidentiality, Intellectual Property, Performance obligations, Handling of customer grievances etc. These terms only come into effect after Network Participants have agreed to an order i.e after a Buyer App has sent an ACK to an on\_confirm call.

The diagram below will help you understand the difference between Transaction-level contract, Network Participant Agreement, Network Policy and the disclosures by Network Participants

