



DEPARTMENT OF ANIMATION, IT-IMS AND  
MOBILE APPLICATION, GUJARAT  
UNIVERSITY, AHMEDABAD

**Project Document**

**ONDC (Open Network For Digital Commerce)**

**Team members**

- Naval Jangir
- Pratik Rathod
- Harshil Babariya
- Rutik Maradiya
- Nirmalsinh Dodiya
- Niyati Virani
- Karan Patel
- Jay Panchal
- Vishal Kaliyaniya
- Harshit Brahambhatt
- Anand Menat
- Neha Parikh

**Guided By**

Prof. Praful Vinayak Bhoyar

**Mentor Signature**

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## Introduction:

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

It is a Government of India-backed technology infrastructure that aims to create new opportunities and curb digital monopolies by supporting micro, small, and medium enterprises and small traders to get on online platforms while providing equal opportunities for consumers.

ONDC is not an application, an intermediary, or software, but a set of specifications designed to foster open interchange and connections between shoppers, technology platforms, and retailers. It moves from a platform-centric model to an open network, enabling fair commerce and providing opportunities to accelerate growth.

ONDC was incorporated on 31 December 2022 with initial investment from Quality Council of India and Protean e Gov Technologies Limited. It 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 to develop open e-commerce.

***"ONDC is a network very similar to UPI "***

In April 2022 the network Soft launched, in Bangalore, Delhi, Shillong, Bhopal, and Coimbatore. Now it is in all of these other amazing cities. Razorpay, PhonePay, and Paytm have already integrated with ONDC. Even Microsoft has joined ONDC.

On comparing prices of snacks like pizza, burgers, and french fries on Zomato to ONDC, everything is almost 50 rupees cheaper than Zomato. People are calling it the "UPI of E-commerce". Remember before UPI, transactions mostly used to take place through debit, credit cards, or Internet banking.

Back in the time, you went to the marketing your area and bought a bunch of things, but this was a limited experience. You could buy only the amount you could carry, only during times the market was open, and only in your area. Then the internet came and came E-commerce. Here companies like "Amazon" provided a platform to connect to the seller. Amazon is handling the inventory, the billing, and the delivery, but, the twist here is "Amazon" is handling everything it can and is increasing the retail and delivery prices, and we never got to know what the accurate market price is.

Amazon is asking for higher and higher percentages, and as the buyers and sellers do not have any other distribution options, so they are complying. Then enters ONDC. This is how the marketplace looks. Let's say you want to buy onions, with ONDC you can log in to your UPI app and you will see a list of onion sellers, including your local store owner along with 'BIG FISH Amazon'. Amazon is selling the onion for Rs 20/Kg, so 10Kgs of it will cost you Rs 200 with delivery, whereas the local store is selling it for Rs 15/Kg, and therefore 10Kgs of it will cost you Rs 150, but with NO Delivery. So you can choose the local store seller and other delivery providers like 'Dunzo' or 'Instamart' who are charging you Rs 30 for the delivery. So you pay the total using UPI, and the Dunzo person goes to the local store, picks up the 10kg onion, and drops it off at your doorstep. So You get the same 10Kgs of onion at your doorstep at Rs 180, rather than Rs 200.

The problem ONDC is hoping to solve is that it prevents 'Monopoly', and keeps the E-commerce space competitive because more competition means better deals for customers. Secondly, it expands India's online retail market. India's retail market is close to a trillion dollars but only 7% is from E-commerce. Tier 2 and Tier 3 sellers need to get online, and ONDC will help them onboard. By onboarding local businesses and MSMEs they give the small guys access to technology and distribution that only these big companies possessed.

# Problem Statement:

ONDC, or Open Network for Digital Commerce, is a Digital Public Infrastructure (DPI) initiated by the government of India. It aims to create an open and transparent digital commerce ecosystem in India and enable small businesses to sell online without relying on large players. ONDC is not an app or a marketplace, but a set of protocols that companies can build on top of to enable commerce in India.

**The following are some of the problem statements that ONDC aims to solve:**

Current digital commerce is dominated by a few players, such as Amazon and Flipkart. Small sellers face problems in terms of deep discounting, control over search algorithms, preferential visibility to select sellers, and the launch of in-house private labels by large e-commerce companies. Rural India faces problems such as lack of access to digital commerce, lack of trust in online payments, and lack of awareness about online shopping.

**ONDC has some unique features that make it stand out from its competitors such as:**

- ONDC offers tailored solutions to Indian consumers and is specifically designed with their needs in mind.
- ONDC has the potential to disrupt e-commerce the way UPI disrupted digital payments.
- ONDC provides access to a wide range of products and services from different sellers.
- ONDC focuses on great user experience and customer satisfaction.

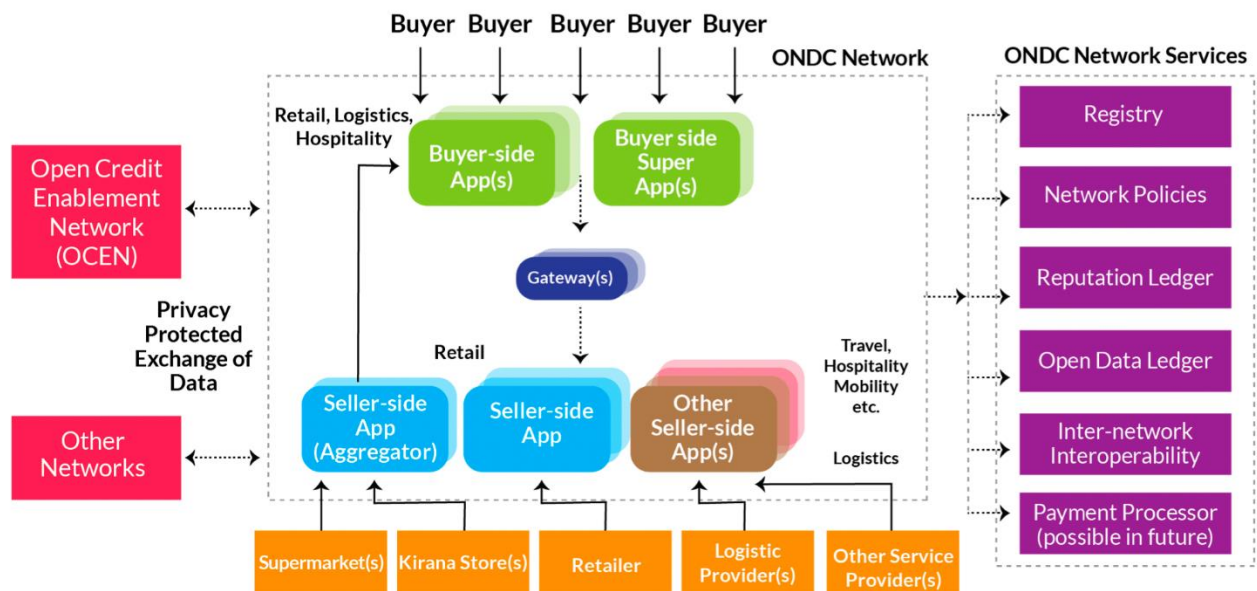
**Factors that can contribute to the success of ONDC include:**

- Private players investing and building on top of ONDC.
- Solving the friction between multiple network partners and creating a great consumer experience.
- Enabling the next wave of e-commerce growth in India and positioning ONDC to capture a significant share of the market.

In summary, ONDC is a DPI initiated by the government of India that aims to create an open and transparent digital commerce ecosystem in India and enable small businesses to sell online without relying on large players. ONDC has some unique features that make it stand out from its competitors, and factors that can contribute to its success include private players investing and building

on top of ONDC, solving the friction between multiple network partners, and enabling the next wave of e-commerce growth in India.

## Working:



The Open Network for Digital Commerce (ONDC) is a digital infrastructure that enables e-commerce traffic to travel across different digital storefronts seamlessly, allowing buyers and sellers to transact regardless of the application/platform they use. ONDC is like a digital road network over which different digital storefronts (in the form of buyer and seller apps) can be built. The relevant data flow enabled by the integration of ONDC with multiple platforms such as Government e-Marketplace (GeM), Sahay, Trade Receivables Discount System (Tre DS), and Receivables Exchange of India Ltd (RXIL) will facilitate the processing of supply chain and invoicing finance loans. ONDC integrates data from the Income Tax Department, GST, Credit Bureau, and Supplier Banking Data. Transaction data will reside only with the buyer and seller applications and will not be visible to ONDC. ONDC will not be storing or viewing transaction data. As per Network Data Governance Policy chapter of the ONDC Network Policy, ONDC may, over the course of its operations, also receive or collect personal data about a natural person, living or deceased. Policies around the exchange of transaction data will evolve and would be consent-based and bound by the limitation of purpose.

As of my last knowledge update in September 2021, the Open Network for Digital Commerce (ONDC) is an initiative by the Government of India aimed at promoting open networks in the e-commerce sector. It aims to create a

framework where various stakeholders in the e-commerce ecosystem can operate in an open and transparent environment.

**The overall architecture of ONDC can be explained in the following steps:**

- **Open Specifications and Protocols :** ONDC emphasizes the use of open specifications and network protocols. This means that the technical standards and communication protocols used in the platform are openly accessible and can be used by any developer or company.
- **API Integration :** ONDC relies on Application Programming Interfaces (APIs) to facilitate communication between different components of the e-commerce ecosystem. APIs allow different software applications to interact and share data.
- **Stakeholders :** The ONDC ecosystem involves various stakeholders, including:
  - **E-commerce Platforms:** These are the online marketplaces where products and services are listed and transactions take place.
  - **Sellers:** These are the individuals or businesses that offer products or services for sale on the platform.
  - **Logistics Providers:** Companies or services responsible for handling the storage, transportation, and delivery of goods.
  - **Payment Gateway Providers:** Services that facilitate online payments.
  - **Regulatory Authorities:** Government agencies overseeing e-commerce activities.
- **Data Sharing and Interoperability:** ONDC encourages data sharing among these stakeholders while ensuring interoperability. This means that information can flow seamlessly between different components of the ecosystem.
- **Compliance and Standards:** There are likely to be compliance and regulatory standards that all participants in the ONDC ecosystem need to adhere to. This ensures a level playing field and protects the interests of consumers.

## Example Scenario:

Let's consider a practical example of how ONDC might work:

- **Seller Registration:** A seller registers on an e-commerce platform that is part of the ONDC ecosystem. The registration process involves providing necessary information and agreeing to abide by the platform's policies and ONDC's open standards.
- **Product Listing:** The seller lists their products on the platform. They provide detailed information about the products, including descriptions, prices, and images.
- **Order Placement:** A customer visits the e-commerce platform, browses products, and places an order for a particular item.
- **Order Processing:** The e-commerce platform processes the order. This involves checking product availability, calculating the total cost (including any applicable taxes or fees), and generating an order confirmation.
- **Payment Processing:** The customer makes a payment through a payment gateway integrated with the platform.
- **Fulfillment and Delivery:** The logistics provider associated with the platform takes charge of packaging and delivering the product to the customer.
- **Feedback and Reviews:** After receiving the product, the customer can provide feedback and reviews on the platform, which helps other potential buyers make informed decisions.
- **Regulatory Oversight:** Regulatory authorities may monitor the activities to ensure compliance with e-commerce regulations and consumer protection laws.
- Please note that this example is a simplified representation and the actual workings of ONDC may involve more complex processes and technologies. Additionally, developments after September 2021 are not included in this explanation.

## Terms and conditions:



The terms and conditions of use for the Open Network for Digital Commerce (ONDC) are published on the ONDC website

**The following are some of the key points from the terms and conditions:**

The website is only available to users above the age of 18 years (or above 21 years where a guardian is appointed).

The user refers to the person visiting, accessing, and/or using the website by means of any communication device.

ONDC is a not-for-profit organization and is not charging any fee at present, but in the future, it may charge the network participants a nominal fee to sustain its operations.

Any seller registering with any one of the seller apps will be visible across all the buyer apps connected to the network. There is no added advantage of going live through multiple seller apps, although the seller may choose to register with multiple seller apps.

- ONDC does not store or maintain any buyer data at its end.
- ONDC is responsible for the content on the website and the app, and NSE Academy is responsible only for NSE Academy LXP.
- ONDC is implementing enablement services such as Catalog.
- ONDC is framing rules on personal info protection and grievance resolution for network participants.
- ONDC is currently operating as a not-for-profit organization and is not imposing any charges on its network participants.

These are some of the key points from the terms and conditions of use for ONDC. Users are advised to read the full terms and conditions on the ONDC website before using the platform.

## **Terms of Use:**

This user agreement is an electronic record under the provisions of the Information Technology Act, 2000 (“Act”), and rules made thereunder, as applicable, and the amended provisions pertaining to electronic records in various statutes as amended by the Information Technology (Amendment) Act, 2008. This user agreement is computer-generated and does not need any physical or digital signatures.

This user agreement is published in accordance with the provisions of Rule 3 (1) of the Information Technology (Intermediaries Guidelines) Rules, 2011 that

require publishing the rules and regulations, privacy policy and terms and conditions for access and/or usage of ondc.org (“Website”).

**In these terms and conditions of use (“Terms of Use”), the following terms shall have the meaning as ascribed to them below:**

1. “User” refers to you, the person visiting, accessing and/or using the Website by means of any communication device.
2. “ONDC” refers to Open Network For Digital Commerce, a company incorporated under the Indian Companies Act, 2013, having its registered office address at New Delhi and is the rightful owner of all rights on this Website.
3. All references to “You” and “Your” shall mean the User.
4. All references to “ONDC”, “Company”, “We”, “Us” and “Our” shall mean ONDC Ltd.

This is a legal and binding agreement between You i.e. the User of the Website and the Company and states the terms that govern Your use of the Website. By accessing this Website, You consent, agree and undertake to abide, be bound by and adhere to the Terms of Use and if You do not agree to these terms of use, You should not access or use the Website, and any access or use thereafter shall be construed as acceptance of and consent to the Terms of Use by You.

By accessing and/or using the Website, You signify Your agreement to accept these binding Terms of Use herein. This document constitutes a legally binding user agreement between the Company and You. IF YOU DO NOT AGREE WITH ANY OR ALL OF THE FOLLOWING TERMS OF USE (INCLUDING THE PRIVACY POLICY), PLEASE DO NOT ACCESS AND/OR USE THE WEBSITE.

We reserve the right, at Our sole discretion, to change, modify or otherwise alter these Terms of Use at any time without prior notice. Such changes and/or modifications shall become effective immediately upon being posted/published on the Website herein.

Please review the Terms of Use from time to time. Your continued use of the Website following the posting of changes and/or modifications shall constitute Your acceptance of any revised Terms of Use. The Company retains the right at any time to deny or suspend access to all or part of the Website to anyone who the Company believes has violated any of these Terms of Use.

## **1. ACCESS TO THE WEBSITE:**

This Website is offered and made available only to Users above the age of 18 years (or above 21 years where a guardian is appointed as per the Majority Act of 1875) (“Age of Majority”).

If You are under the Age of Majority and continue accessing the Website, the Company will assume that You have reviewed these Terms of Use and the Privacy Policy with Your parent/legal guardian and Your parent/legal guardian understands and agrees to it on Your behalf. If You are under the Age of Majority at the time of accessing and/or using the Website, Your access and usage of the Website shall be deemed to be subject to parental/legal guardian consent and under parental/legal guardian’s guidance at all times. You and Your parents/legal guardians confirm that the Website is offered to You for Your enjoyment and these Terms of Use shall constitute a legally binding user agreement between the Company and Your parents/guardians who are contracting on behalf of You. Where Users are below the Age of Majority, all references to “User”, “You” and “Your” shall mean and include You and Your parents/legal guardians acting for and on Your behalf for Your benefit.

Some content offered on the Website may not be suitable for some Users and therefore viewer discretion/parental discretion is advised. Also, some content offered on the Website may not be appropriate for viewership by persons below the Age of Majority. If You are under the Age of Majority, You may view the content only with the prior consent of Your parents/legal guardians.

Parents/legal guardians are advised to exercise discretion before allowing their children and/or wards to access this Website and/or any Material (as defined later). Your access to and use of the Website is subject to these Terms of Use, Privacy Policy and all applicable laws, rules, and regulations in India.

The Company grants You a personal, revocable, non-exclusive, non-transferable right to access and use the Website, for non-commercial use only and private viewing only, in accordance with these Terms of Use. These Terms of Use, govern Your access to the Website and any data, message, text, image, audio, sound, voice, codes, computer program, software, database, microfilm, video, information, content, and any other information or materials that You host, publish, share, transact, display and/or upload.

Please note that the availability of the Website in Your jurisdiction, and Your ability to access the Website are subject to the Company’s sole discretion. The Company may at its sole discretion restrict the Website from being accessed in certain geographical locations. You undertake that Your access to the Website shall comply with all applicable laws (as amended from time to time). You

understand that Your access to the Website and its contents may vary depending upon Your jurisdiction, device specifications, internet connection, etc. You acknowledge and agree that We will provide You only access to the Website and that You will be solely responsible for all equipment as may be necessary for You to access the internet, mobile and/or other connection, operator and service fees associated with Your access, etc.

## **2. OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS:**

**The following terms shall have the meaning as ascribed to them below:**

“Intellectual Property Rights” shall include all patents, trademarks, service marks, logos, copyrights, database rights, trade names, brand names, trade secrets, design rights and similar proprietary rights of the Company whether registered or unregistered and all renewals and extensions.

All rights, title and interest in the Intellectual Property Rights in the Website including without limitation all its constituents, content, text, images, audios, audio-visuals, literary work, artistic work, musical work, computer program, dramatic work, sound recording, cinematograph film, a video recording, performance and broadcast under the Copyright Act, 1957, specifications, instructions, abstracts, summaries, copy sketches, drawings, artwork, software, source code, object code, comments on the source code and object code, domain names, application names, designs, database, tools, icons, layout, programs, titles, names, manuals, graphics, animation, games, applications, user interface instructions, photographs, artist profiles, illustrations, jokes, memes, contests, and all other elements, data, information and materials (“Materials”) are the property of the Company and/or its licensors and/or other respective owners and are protected, without limitation, pursuant to Intellectual Property Rights laws of India and the world. The Company retains full, complete and absolute title to the Website and all Intellectual Property Rights therein.

The Website including any Materials thereon shall be deemed to be non-exclusively licensed to You by Us only for Your non-commercial personal use and only for such period as We may, in Our sole discretion, deem appropriate. You shall not use, reproduce, redistribute, sell, offer on commercial rental, decompile, reverse engineer, disassemble, adapt, communicate to the public, make a derivative work, interfere with the integrity of the Website (including without limitation the software, coding, constituents, elements, Materials, etc.) in any manner whatsoever.

You expressly confirm not to, directly or indirectly, copy, reproduce, modify, edit, re-edit, amend, alter, vary, enhance, improve, upgrade, create derivative works, translate, adapt, abridge, delete, display, perform, publish, distribute, circulate, communicate to the public, disseminate, broadcast, transmit, sell, rent, lease, lend, assign, license, sub-license, disassemble, decompile, reverse engineer, market, promote, circulate, exploit, digitally alter or manipulate the Website(including any and all Materials therein)(in whole or in part) in any manner, medium or mode now know or hereinafter developed.

### **3. USER MATERIAL:**

The Website may allow Users to publish content, data, information, text, images, videos, audios, audio-visuals, User opinions, recommendations, advice, view, etc; (“User Material“). The User Material does not reflect the views of the Company. In no event shall the Company be held responsible for any User Material, neither does the Company endorse or recommend any User Material, nor shall the Company be liable for any loss or damages resulting from the publishing of the User Material on the Website.

By submitting a User Material, You grant the Company a perpetual, worldwide, royalty-free, irrevocable, non-exclusive license to use, and authorise others to use the User Material in whole or in part, in any and all media, now known or hereinafter developed, including rights to use the User Material in isolation or combination with any other material. You agree that in such circumstances, You are not entitled to any intimation or compensation from the Company.

The Company will have the right but no obligation to monitor, remove, suspend, destroy, use and change any User Material and/or content that is available on or via any chat area on the Website generally, if any, in any manner that the Company may at its sole discretion determine, at any time. Although the Company may endeavour to periodically monitor the User Material posted on the Website, the Company will not be responsible for the same.

In the event the Company hosts or puts up any reviews of any programs or products, whether a third party or own content or other such views, then the views shall demonstrate only the author’s views and not the views of the Company.

**By posting User Material on the Website, You undertake, represent, and warrant to the Company that:**

- a) The User Material is original.

- b) Does not infringe the rights of any third party including without limitation Intellectual Property Rights.
- c) Is not defamatory, derogatory or abusive or malicious or hurtful to any person, particular entity, groups, caste, religion, race or community or seditious or pornographic or vulgar or in violation of any law.
- d) You agree, covenant and undertake that You shall NOT host, display, upload, modify, publish, transmit, update or share any data, information, content or message that belongs to another person and to which You do not have any right to.
- e) Is grossly harmful, harassing, blasphemous defamatory, derogatory, obscene, pornographic, paedophilic, libellous, invasive of another's privacy, hateful, or racially, ethnically objectionable, disparaging, relating or encouraging money laundering or gambling, or otherwise unlawful in any manner whatever.
- f) Harm minors in any way.
- g) Infringes any patent, trademark, copyright or other proprietary rights or intellectual property rights.
- h) Violates any applicable national or international laws, regulations, rules and/or guidelines.
- i) Deceives or misleads the addressee about the origin of such messages or communicates any information which is grossly offensive or menacing in nature.
- j) Impersonates another person.
- k) Contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer resource.
- l) Threatens the unity, national interest, integrity, defence, security or sovereignty of India, friendly relations with foreign states, or public order or causes incitement to the commission of any cognisable offence or prevents investigation of any offence or is insulting to any other nation/country.
- m) Is offensive or has menacing character.
- n) Causes annoyance, inconvenience, danger, obstruction, insult, injury, criminal intimidation, enmity, hatred or ill will.
- o) Causes annoyance or inconvenience or is intended to deceive or to mislead the addressee or recipient about the origin of such messages.

**You further undertake that You shall not use the Website to:**

- a) Violate the privacy right or personal right or confidential information of any person.
- b) Commit an act that could be construed as an act of cyber terrorism.

- c) Collect, store and/or identify private/personal information of any user or person.
- d) Facilitate personal attacks on other individuals, entities, groups, castes, religions, races or communities.
- e) Stalk or otherwise harass another person or user.
- f) Upload, post or e-mail any content that You do not have a right to transmit under any law or contract.
- g) Upload, post or e-mail any content that infringes privacy rights, intellectual property rights or other third-party rights of any person or party.
- h) Upload, post or e-mail any unsolicited or unauthorised advertising, promotional materials, junk- mail, spam, chain letters or any other form of solicitation.
- i) Upload, post or e-mail any content that contains computer viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer software, hardware, devices, platforms or telecommunications equipment and/or the Website.
- j) Interfere with, damage, disable, disrupt, impair, create an undue burden on, or gain unauthorised access to the Website, including the Company's servers, networks or accounts.
- k) Disrupt the normal flow of dialogue, cause a screen to scroll faster than other users of the Website are able to type, or otherwise act in a manner that adversely affects other users' ability to engage in real-time exchanges.
- l) Cover, remove, disable, manipulate, block or obscure advertisements or other portions of the Website.
- m) Delete or revise any information provided by or pertaining to any other user of the Website.
- n) Promote and/or generate revenue for Yourself and/or any third-party business activity.
- o) Carry out any activity that is prohibited under the Act, including under Section 43, etc. and/or under any other applicable laws, rules or regulations.
- p) Post unauthorised commercial communications and including advertisements and/or manipulate or morph or alter or exploit any other User's User Material.

You hereby confirm that the Company has the right to determine whether any content, data or information published by You on the Website is appropriate and complies with these Terms of Use, and accordingly, remove any and/or all of Your User Material, and terminate Your access without prior notice. This shall

be without prejudice to any other rights and remedies that the Company has under law and/or in equity and/or under this agreement.

If You submit any User Material on the Website, You shall be deemed to have waived any rights, interest and ownership in the User Material and deemed to have put the contents of the User Material in the public domain, making it open to reuse, reproduction, distribution, communication to the public, adaptation, etc. You understand the risks associated with publishing User Material on the Website and agree that the Company shall not be responsible or liable for any digital alteration, manipulation, morphing, illegal exploitation, etc. of any User Material posted by You.

You further agree that the Company shall not be responsible or liable to You for any threatening, defamatory, derogatory, obscene, offensive or illegal conduct by other users or any infringement of Your intellectual property rights, privacy rights, personal rights, etc. by other users of the Website.

#### **4. CONTESTS AND PROMOTIONS:**

Any and all contests, promotions and campaigns that may be hosted or conducted on the Website are subject to separate contest terms and conditions (“Contest T&Cs”) and You are requested to read the Contest T&Cs as well as Terms of Use before participating in the same and upon participation, it shall be deemed that the participant has read and understood the Contest T&Cs. Terms of Use are deemed incorporated by reference into Contest T&Cs provided in respect of a particular activity.

#### **5. DISCLAIMER AND LIMITATION OF LIABILITY:**

By accessing and/or using the website, you have read, understood and agree to be legally bound by the terms of this disclaimer. You agree that your access to the website is at your sole risk and of your free will. The website and all material therein contained are distributed and transmitted by the company on an “as is” and “as available” basis. The company and its affiliates, associates and group companies, their respective directors, key managerial personnel, employees, officers, shareholders, agents, representatives, sub-contractors, consultants and third-party providers.

Disclaim any and all express or implied representations, warranties and/or conditions of any kind, including but not limited to warranties of completeness, accuracy, reliability, suitability, fitness, merchantability, availability, quality, fitness for any purpose, non-infringement, compatibility and/or security.



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Are not responsible or liable for interruptions, delays, inaccuracies, errors, or omissions arising out of your use of the website or any connected website or with respect to the material and user material thereon.

Do not warrant that the website, or any connected website, linked microsites, any materials, third-party content, or services offered will be uninterrupted or error-free or accurate or suit your purpose.

Every effort is made to keep the website running smoothly. However, the company takes no responsibility for, and will not be liable for, the website being unavailable due to any reasons.

The entire risk as to the quality, accuracy, adequacy, completeness, fitness, correctness and validity of any material and use of and access to the website or any connected website rests solely with you.

The website may contain links to other third-party websites which are not under the control of the company. Any website you visit by a link from the website is solely the responsibility of the third party providing the website. The content of, including materials and information contained on, any third-party website to which you link from the website is solely the responsibility of the provider of that third-party website. Any transactions that you enter into with a third party listed on this website or linked from this website are solely between you and that third party. We are not responsible for any such third-party content that may be accessed via the website, nor the organisations publishing those third-party websites, and hereby disclaim any responsibility and liability for such content. The inclusion of any links does not constitute or imply an endorsement or recommendation by us of the third-party, of the quality of any product or service, advice, information or other materials displayed, purchased, or obtained by you as a result of an advertisement or any other information or offer in or in connection with the third-party website.

To the fullest extent permissible by law, the company, its affiliates and associates and their respective directors, key managerial personnel, employees, officers, shareholders, agents, representatives, sub-contractors, consultants and third-party providers shall not be liable for any loss and/or damage and/or

claims of any kind (whether in contract, tort or breach of statutory duty or otherwise) arising out of or in connection with the website and/or materials and/or user material and/or any connected third party website including without limitation.

Indirect or consequential loss. Loss of profits or revenue or savings or other economic loss. Incidental, direct, or special loss or similar damages. Loss of or damage to data. Loss of business, reputation or goodwill; and/or. Wasted or lost management time. Even if advised of the possibility of such loss or damage or if such loss or damage was foreseeable.

Notwithstanding the foregoing, in no event shall the company or its affiliates, associates and group companies' liability to you for any and all losses, damages or claims (whether in contract, tort, breach of statutory duty or otherwise) exceed the amount paid by you, if any, for accessing the website.

If you are dissatisfied with the website or with these terms of use, your sole and exclusive remedy is to discontinue accessing or using the website.

#### **6. INDEMNITY:**

You agree to fully indemnify, defend and hold harmless the company, its affiliates, associates and group companies, and their respective directors, key managerial personnel, employees, officers, shareholders, agents, representatives, sub-contractors, consultants and third-party providers from and against all losses, claims and damages including legal fees, resulting from:

- i. Your violation of any term of these terms of use.
- ii. Your violation of any third-party right, including without limitation any publicity, privacy, or intellectual property right;
- iii. Your breach of any applicable laws;
- iv. Any unauthorised, improper, illegal or wrongful use of your account by any person, including a third party, whether or not authorised or permitted by you; and
- v. Your breach of any representation, warranty, covenant or undertaking under these terms of use or under applicable law. This indemnification obligation will survive the expiry or termination of these terms of use and your use of the website.

#### **7. THIRD PARTY WEBSITES:**

This Website may contain links to other websites owned and operated by third parties who are not related to the Company ("Third-Party Websites"). Third-Party Websites are not under the control of the Company and the Company shall not be responsible for the content of any Third-Party Websites or any hyperlink

contained in a Third-Party Websites and makes no representation or warranty with respect to the content of any such Third-Party Websites.

Your access and usage of any Third-Party Websites are entirely at Your own risk. The Company shall not be a party to any transaction between You and a Third-Party Website. Your use of a Third-Party Website is subject to the terms and conditions of that Third-Party Website in addition to these Terms of Use. If there is any inconsistency these Terms of Use prevail.

The Website may contain third-party advertisements, promotions, etc. (that may or may not contain embedded hyperlinks or referral buttons to Third-Party Websites). The display of such advertising does not in any way imply an endorsement or recommendation by the Company of the relevant advertiser, its products or services or any such Third-Party Website. You must refer directly to the relevant advertiser for all information regarding the advertiser and its products and/or services. The Company accepts no responsibility for any interaction between You and the relevant third party and is released from any liability arising out of or in any way connected with such interaction and/or any defects, deficiencies, claims, etc. arising out of an advertiser's products and/or services.

#### **8. NOTICE & TAKEDOWN PROCESS:**

The Company does not endorse or promote any data, information, content or material published on the Website including User Material, and expressly disclaims any and all liability in connection with the same.

If You believe that the Website contains any data, information, content or material that could be in violation of any applicable provision of the Act or rules thereunder, You may notify the Company of the same by sending an email notification to [TnC@ondc.org](mailto:TnC@ondc.org). By doing so, please remember that You are initiating a legal process. Do not make false claims. Misuse of this process may result in the suspension of Your account and/or other legal consequences. Please note that this provision shall be governed by applicable laws in India including relevant provisions of the Act, Information Technology (Intermediaries Guidelines) Rules, 2011, etc. You may seek independent legal advice with respect to this legal procedure at Your sole cost, expense and consequences.

The Company shall take down any data, information, content or material only upon receiving actual knowledge from a court order or on being notified by the appropriate government or its agency that unlawful acts relating to Article 19(2) would be committed if the said data, information, content or material is not deleted from the Website.

The Company further reserves the right (without the obligation of doing so) to take down any data, information, content or material, without notice to the User and without any liability either to the Company or its directors, key managerial personnel, officers, employees, that the Company in its sole discretion determines to violate any applicable provision of the Act or rules thereunder.

#### **9. SUPPORT:**

If You have any questions, queries or complaints concerning the Website, then such correspondence should be directed to the grievance officer at TnC@ondc.org or You can write to:

Grievance Officer –Open Network For Digital Commerce

#### **10.TERMINATION:**

The Company reserves the right to terminate Your access to all or part of the Website, at its sole discretion, without notice and liability either to the Company or its directors, key managerial personnel, officers, or employees, either for convenience or for any reason, including in the event of suspected or actual breach by You of any of these Terms of Use, the Privacy Policy, violation of any law including the Act and/or rules thereunder or any other regulation, or for any other reason that the Company deems fit.

#### **11.MISCELLANEOUS:**

The fastest and easiest way to notify the Company of any grievance is by sending an email notification to Our grievance officer at TnC@ondc.org

These Terms of Use contain the entire understanding between You and the Company and supersedes all prior understanding between the User and the Company in respect of the User's access and/or use of the Website.

If any provision of these Terms of Use is found to be illegal, invalid or unenforceable, then to the extent to which such provision is illegal, invalid or otherwise unenforceable, it shall be severed and deleted and the remaining provisions shall survive and remain in full force and effect and continue to be binding and enforceable.

You confirm that Your representations, warranties, undertakings and covenants, and the clauses relating to indemnities, limitation of liability, grant of a license, governing law, and confidentiality shall survive the efflux of time and the termination of these Terms of Use.

Any express waiver or failure to exercise promptly any right under these Terms of Use will not create a continuing waiver or any expectation of non-enforcement.

You agree that the Company shall be under no liability whatsoever to You in the event of non-availability of the Website or any portion thereof occasioned by an Act of God, war, disease, revolution, riot, civil commotion, strike, lockout, flood, fire, satellite failure, network failures, server failures, failure of any public utility, terrorist attack, network maintenance, Website maintenance, server maintenance, or any other cause whatsoever beyond the control of the Company.

Unless otherwise specified, the Website is presented solely for the purpose of entertainment and promoting programs. The Company makes no representation that the Website is appropriate or available for use in locations other than India. Those who choose to access the Website from locations other than in India, do so on their own initiative and risk, and are solely responsible for compliance with local laws, if and to the extent local laws are applicable.

The Privacy Policy (as provided on the Website), and any other documents, instructions, etc. included on the Website shall be read into this and shall be a part of these Terms of Use. The Privacy Policy shall form an integral part of the Terms of Use and both these documents constitute the user agreement and a legally binding contract between the Company and the User.

These Terms of Use shall be governed by and construed in accordance with the laws of India and be subject to the exclusive jurisdiction of the Courts at Delhi, without giving effect to any principles of conflicts of law.

The rule of contractual construction known as the ‘Contra Proferentum’ rule shall not apply to these Terms of Use.

## **Investors:**

Here is a list of investors in ONDC



- Sequoia Capital India
- BSE Investments
- NSE Investments
- Kotak Mahindra Bank
- Axis Bank
- HDFC Bank
- State Bank of India (SBI)
- Bank of India
- UCO Bank
- Bank of Baroda
- NPCI
- NSDL

ONDC is a not-for-profit company, so its investors are not motivated by financial returns. Instead, they are investing in ONDC because they believe in its mission to create a more open and inclusive e-commerce ecosystem in India.

ONDC is still in its early stages of development, but it has the potential to revolutionize the way that people shop and sell online in India. It is exciting to see so many leading companies and organizations supporting this important initiative.

From November 2021 to March 2022, various public and private sector entities picked up stakes in ONDC by investing seed money to become early promoters. This includes:

Punjab National Bank (9.5% for ₹25 crore).

- State Bank of India (7.84% for ₹10 crore).
- Axis Bank (7.84%).
- Kotak Mahindra Bank (7.84% FOR 10 crore)
- BSE Investments (5.88%).
- Central Depository Services (6.78%).
- ICICI Bank (5.97% for ₹10 crore).
- HDFC Bank acquired (7.84% for 10 crore stake of ONDC).
- Punjab National Bank (PNB) has invested Rs. 10 crore in the Open Network for Digital Commerce (ONDC), which is around 5.97% stake.
- Central Depository Services (India) Limited (CDSL) has invested ₹10 crore in the Open Network for Digital Commerce (ONDC), for a 6.78% stake. This investment was made in March 2022.
- The National Securities Depositories Limited (NSDL) has invested ₹10 crore in the Open Network for Digital Commerce (ONDC) under the private placement route. This represents a 5.6% stake in ONDC.
- Bank of India has invested Rs 10 crore in ONDC, which is equivalent to 5.56% of the total shareholding in ONDC.
- UCO Bank has invested Rs. 10 crore in ONDC, which amounts to a 3.17% stake.
- Bank of Baroda has invested Rs. 10 crore in the Open Network for Digital Commerce (ONDC), for a 5.56% stake. This investment was made in September 2022
- Small Industries Development Bank of India (7.84% for ₹10 crore).
- The National Bank for Agriculture and Rural Development (NABARD) has invested (INR 100 crore ) in the Open Network for Digital Commerce (ONDC). This investment is part of NABARD's commitment to supporting the development of a more open and inclusive e-commerce ecosystem in India.
- Bank of India acquired 5.56% stake by investing ₹10 crore.
- On 31 August 2022, Ministry of Finance and Reserve Bank of India (RBI) cleared NPCI to acquire 10% stake at ONDC by investing ₹10 crore.
- On 23 March 2022, Common Service Centres (CSC) under Ministry of Electronics and Information Technology (MeitY) announced that it will promote ONDC for ecommerce and logistics in rural areas through 3 Lakh Grameen e-Stores.
- National Payment Corporation of India (NPCI) and National Stock Exchange of India (NSE) committed funding for ONDC as promoters.

As of July 2022, more than 20 organisations have committed investment ₹255 crore (US\$32 million) into the project such as UCO Bank, HDFC Bank. Bank of Baroda etc. In April, ONDC had received ₹157.5 crore for first stage of the

project from 17 banks and financial institutions. For the pilot project, eSamudaay will help in dealing with consumer facing interface, Gofrugal Technologies supplied enterprise resource planning software, GrowthFalcons for digital marketing and SellerApp will help sellers with automation and provide digital insight on sales. On 9 August 2022, SIDBI signed memorandum of understanding (MoU) with ONDC to bring small industries on the network. To make transition to ONDC easier, Yes Bank is working with SellerApp for business enterprise customers.

## Key Features and Components of ONDC:

The Open Network for Digital Commerce (ONDC) is a government-backed initiative that aims to democratize digital commerce in India.

**Here are some of the key features and components of ONDC:**

1. **Hand-picked products:** The products on the ONDC platform are hand-picked by curators, and they will be responsible for sourcing products and quality checks. The products featured on the ONDC platform will be exclusive to the platform.
2. **Seamless connections:** ONDC is like the Unified Payments Interface (UPI) for digital commerce. It enables seamless connections between buyers, sellers, and technology platforms, allowing them to transact goods and services independent of platform or application.
3. **Three essential participants:** The ONDC network comprises three essential participants: Buyer apps, Seller apps, and Gateways. Buyer apps are responsible for handling the buyer's side of the transaction, while Seller apps are responsible for handling the seller's side of the transaction. Gateways are responsible for handling the payment processing.
4. **Accessible digital commerce infrastructure:** ONDC offers a network-centric model that provides small enterprises and individuals with access to essential digital commerce infrastructure, including e-commerce platforms, logistics support, and secure payment gateways. This expands their sales opportunities and contributes to financial stability.
5. **Dynamic pricing model:** ONDC plans on implementing a dynamic pricing model, digitized inventory management, and optimized delivery cost to help sellers optimize their operations and drive growth.



6. **User-friendly interface:** ONDC is designed with the needs of Indian consumers in mind and offers a tailored shopping experience. The platform will have a live chat feature and a 24/7 customer support helpline, making it more user-friendly.

## Categories on the ONDC:

**ONDC offers a wide range of categories, including:**

- Groceries
- Restaurants
- Food and beverage
- Agriculture
- Mobility
- Logistics
- Healthcare
- Education
- Financial services
- Travel and tourism
- Entertainment
- Lifestyle

## Availability in different cities:

The Open Network for Digital Commerce (ONDC) is currently available in over 230 cities across India, including Delhi, Bangalore, Chennai, Mumbai, Hyderabad etc

## Implementation Challenges and Solutions:

The Open Network for Digital Commerce (ONDC) is facing implementation challenges in India.

**Some of the challenges and solutions in implementing ONDC are:**

1. **Reliability of sellers and quality of products:** ONDC has to look for the quality of a product, the reliability of the seller and the buyer, the delivery speed, and so on. This is a subjective variable that UPI didn't have to deal with.

2. **Interaction with the physical world:** In ONDC, only the buyer-seller matchmaking happens online, while the rest of the workflow is offline, increasing the chances of a dispute. Implementing a reliable dispute resolution mechanism is necessary.
3. **Monopolistic marketplaces:** Monopolistic marketplaces have taken over the entire eCommerce chain, giving them complete freedom to implement their own policies. ONDC aims to address this challenge by creating a decentralized network that allows small businesses to compete with larger players.
4. **Value proposition:** ONDC's value proposition should be strong enough for customers to consider switching to it.

To overcome these challenges, ONDC needs to focus on creating a reliable and efficient network that addresses the needs of both buyers and sellers. This can be achieved by implementing a dispute resolution mechanism, ensuring the quality of products and reliability of sellers, and creating a strong value proposition for customers. Additionally, ONDC needs to work towards creating a decentralized network that allows small businesses to compete with larger players in the market.

## Potential Impact and Future Outlook:

The potential impact of ONDC on the e-commerce industry in India is significant, and it has the potential to transform the industry in several ways.

**Here are some of the potential impacts and future outlook of ONDC based on the search results:**

1. **Democratization of digital commerce:** ONDC is designed to democratize digital commerce by offering equal opportunities to all players in the e-commerce sector. It sets the stage for a more inclusive and balanced marketplace
2. **Disrupting the e-commerce market:** ONDC has the potential to disrupt the e-commerce market in India by offering tailored solutions to Indian consumers and providing a curated shopping experience. It could lead to a price war and fundamentally change the game for e-commerce,

heralding a future of open competition with less dominance by monopolistic marketplaces.

3. **Transforming the financial sector:** ONDC presents a transformative opportunity in the e-commerce sector, and banks are actively exploring its potential. It could unlock opportunities for banks and transform the financial sector.
4. **Creating a level playing field:** ONDC aims to create a level playing field for all businesses operating in India, regardless of their size. It could enable an open and democratized way for organizations to conduct their business
5. **Building a strong ecosystem:** ONDC could enable a strong ecosystem for commerce that incorporates inventory, logistics, dispute resolution, and more. It could provide a glimpse for the whole world of how open commerce can drive positive non-zero-sum outcomes for business and society.

Overall, ONDC has the potential to transform the e-commerce industry in India by democratizing digital commerce, disrupting the market, transforming the financial sector, creating a level playing field, and building a strong ecosystem. Its success will depend on its ability to address the implementation challenges and provide a reliable and efficient network that addresses the needs of both buyers and sellers.

## Comparison with Global Initiatives:

ONDC, Swiggy, and Zomato are all food delivery platforms in India.

**Here are some key differences between them based on the search results:**

### 1) ONDC:

- ONDC charges only a 2-4% commission compared to Swiggy and Zomato's 25-30% commission from restaurants on every order.
- ONDC is an open-source network backed by the government of India.
- ONDC is designed to democratize digital commerce by offering equal opportunities to all players in the e-commerce sector.
- ONDC is gaining popularity as Indian users find it a more affordable alternative to food delivery giants

## **2) Swiggy:**

- Swiggy charges a 25-30% commission from restaurants on every order.
- Swiggy is one of the largest food delivery platforms in India, with a strong presence in many cities.
- Swiggy offers a wide range of restaurants and cuisines to choose from.

## **3) Zomato:**

- Zomato charges a 25-30% commission from restaurants on every order.
- Zomato is one of the largest food delivery platforms in India, with a strong presence in many cities.
- Zomato offers a wide range of restaurants and cuisines to choose from

Overall, ONDC is gaining popularity as a more affordable alternative to Swiggy and Zomato due to its lower commission rates. However, Swiggy and Zomato still have a strong presence in the market and offer a wider range of restaurants and cuisines to choose from. It remains to be seen how ONDC will continue to compete with these established players in the food delivery market in India.

## **Summary:**

- The Open Network for Digital Commerce (ONDC) is a non-profit initiative by the Indian government to create an open and inclusive digital commerce ecosystem. It is based on open protocols and standards, and will enable consumers to discover and purchase goods and services from any seller, regardless of the platform they are using.
- The platform aims to create new opportunities, curb digital monopolies, and support micro, small, and medium enterprises and small traders.
- ONDC is not an application, an intermediary, or software, but a set of specifications designed to foster open interchange and connections between shoppers, technology platforms, and retailers.
- Lower prices: ONDC is expected to lead to lower prices for consumers, as businesses will be able to compete more effectively. Boost to the Indian economy: ONDC is expected to boost growth, create jobs, and increase tax revenue for the Indian economy.

## **How will it affect Amazon?**

As a multinational e-commerce giant, Amazon could also face potential changes due to the ONDC rules. The regulations might aim to address concerns related to predatory pricing, exclusive partnerships, and data localization. They could require platforms like Amazon to ensure fair competition, provide a level

playing field for small sellers, and possibly limit their influence over sellers' pricing strategies. Additionally, the rules may focus on data protection and localization, requiring companies to store and process Indian customer data within the country.

It is important to note that the specific provisions and impact of the ONDC rules could change significantly as they undergo further development, consultation, and implementation. To have the most accurate and up-to-date information on how these rules will affect Swiggy, Zomato, and Amazon, it would be advisable to refer to the official government sources and follow the news on any updates or developments regarding the implementation of the ONDC rules.

**ONDC is democratizing the e-commerce space.**

**Now the question is how will it affect online food delivery apps like Swiggy and Zomato?**

If the ONDC rules impose stricter regulations on e-commerce platforms, they may require food delivery aggregators like Swiggy and Zomato to modify their operations. These changes could include enhanced transparency, revised commission structures, and ensuring a level playing field for small restaurants and local vendors. The rules might aim to address concerns related to deep discounting, exclusivity agreements, and data-sharing practices. Compliance with these rules could require significant adjustments in their business models, operational processes, and partnerships with restaurants.

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