

CHAPTER [2]: BUSINESS RULES

PURPOSE OF THIS CHAPTER

This chapter aims to provide a framework to prevent anti-competitive, unfair and illegal behaviour by Network Participants in the ONDC Network. The provisions of this chapter are intended to ensure transparency, fair play, non-discrimination, and consumer protection in all activity carried out by a Network Participant in the ONDC Network.

2.1 Roles and Obligations of Network Participants

- 2.1.1 The Participant shall, at all times, ensure compliance with Applicable Law, applicable to its activities.
- 2.1.2 The Participant must not engage in any activity or conduct any transaction on the ONDC Network that is illegal or unlawful or for which it does not have necessary permissions or licenses from the requisite Competent Authority.
- 2.1.3 The Participant will extend reasonable support and assistance to ONDC and other Participants, including access to the documents and / or information as such Participants or ONDC may require from time to time for compliance under any Applicable Law.
- 2.1.4 It is clarified that all information including but not limited to text, graphics, seller and buyer interfaces, visual interfaces, photographs and images, trademarks, logos, sounds, music and artwork, notes, messages, drawings (collectively '**Content**'), is generated by the Network Participant or its End Users on the ONDC Network. ONDC has no responsibility or liability over such content. It is further clarified that ONDC neither originates nor initiates the transmission nor selects the sender and receiver of the transmission nor selects nor modifies the information contained in the transmission.

2.2 Operations

- 2.2.1 The Participant will ensure that
 - 2.2.1.1. its services are operational and available in the network ensuring uptime and meeting of other performance parameters as per Schedule 2A;
 - 2.2.1.2. It has put in place relevant policies and measures which ensure compliance with the Network Participant Agreement and the Network Policy, and shall update the same as and when they get amended.
- 2.2.2 The Buyer Side App and Marketplace Seller Side App shall adopt reasonable safeguards to ensure that any End User using its services does not engage in the transmission of the information prohibited under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 as may be amended from time to time or any other applicable law.
- 2.2.3 The Participant understands that its Content may be transferred, unencrypted, and involve (a) transmissions over various networks; and (b) changes to conform and adapt to technical requirements of connecting networks or devices and no claim shall lie against ONDC for such transfer. However, if any Participant alters, modifies, changes any Content of another Participant, the Participant altering, modifying or changing such Content will solely be responsible for any loss incurred by the other Participant.

- 2.2.4 The Participant agrees to furnish all details and information pertaining to the Participant's activities on the ONDC Network or in relation to the ONDC Network as requested by ONDC from time to time.

Relationship with other Network Participants

- 2.2.5 If a Network Participant that operates a Gateway (**P1**) gains material influence over an entity operating a Buyer / Seller Side App (**P2**), or vice versa, or if a third party gains material influence over both **P1** and **P2**, the involved parties must:
- Modify their arrangement or relationship to eliminate the material influence, or
 - Cease the operations of either the Gateway or the Buyer/ Seller Side App
- 2.2.6 In case an entity operating a Buyer Side App or a Seller Side App (**E1**) and an entity that operates a Gateway (**E2**) are Affiliates:
- such entities shall disclose their relationship to ONDC and to other Network Participants;
 - E2 shall not share with E1 any information it receives from other Network Participants or ONDC during its operation of the Gateway without explicit consent from such Network Participant and/or ONDC, except such information as it would normally share with any unrelated Network Participant playing a similar role in the normal course of operations on ONDC;
 - ONDC reserves the right to order E2 to submit regular reports on searches and responses, as may be specified, over and above the reporting requirements for Gateways which do not have material influence over Buyer/Seller Side Apps.

2.3 Role and Obligations of Gateways

- 2.3.1 Gateways shall multicast the search request received from Buyer Side App to all relevant and available Seller Side Apps and vice-versa, based on criteria, including but not limited to, location, availability, and other criteria enabled by ONDC.
- 2.3.2 ONDC will neither be a party nor shall it have any liability or responsibility under any contractual arrangements between Gateways and Buyer/Seller Apps. However, Gateways must ensure that any commercial terms of such agreements do not violate the ONDC Network Policy.
- 2.3.3 Gateway will not discriminate against or provide any preferential treatment to any Buyer Side App or Seller Side App or their request or responses, and shall not provide any priority in terms of transmission of search results to a Network Participant over the other Network Participants or independently filter, edit, modify, or select any search request or responses, except in terms of providing value-added services or other services.
- 2.3.4 Gateway may provide value added services to Network Participants. In no instance will Gateway attempt to monetise, directly or indirectly, underlying search data and other transaction data received by Gateway as part of transactions on the ONDC Network.
- 2.3.5 Gateway will ensure that it transmits all relevant and mandatory information received from a Buyer Side App or a Seller Side App to the Network Participants as per ONDC Protocol and in compliance with the Applicable Law.
- 2.3.6 Gateway will periodically publish search requests and responses in compliance with the ONDC Network Data Governance Chapter.

2.4 Role and Obligations of Buyer Side Apps

- 2.4.1 The responsibility for onboarding Buyers and the management of the end-to-end order lifecycle including but not limited to onboarding, displaying catalogue in response to search requests, order creation, enabling returns, cancellation, customer support, will be the responsibility of the Buyer Side App as per the arrangement with other Network Participants.
- 2.4.2 All Buyer Side Apps shall be required to:
- (a) route all search requests of End Users through Gateway and display only results received from the Seller Side Apps in the Network, unless permitted by ONDC.
 - (b) all entities operating Buyer Side Apps in ONDC Network, who also operate a marketplace e-commerce entity in India outside the ONDC Network must:
 - i. participate in the ONDC Network as a Seller Side App and shall make their existing catalogue available on a non-discriminatory basis;

‘Non-discriminatory basis’ in this clause shall mean:

 - a) that an End User accessing the Buyer Side App from a particular location should be able to get access to the complete catalogue of the Seller Side App.
 - b) that the Buyer Side App may provide filter functionality however they shall apply the same consistently without providing any unfair advantage to any seller outside or in the ONDC Network.
 - c) that the Buyer Side App shall provide equitable opportunity to all Seller listings received through all Seller Side Apps.
 - ii. use the same algorithm and logic that is used to show results of sellers or merchants onboarded on Buyer App’s marketplace for showing the Sellers of ONDC Network Participants;
 - iii. ensure that the Buyer Side App offers its services on the ONDC Network in a non-discriminatory manner with respect to all Seller Side Apps.
 - (c) ensure all search results are displayed to the Buyer in a non-discriminatory manner, unless the product or service search result fails to display all information mandated under Applicable Law or the ONDC Network Policy.
 - (d) it may prescribe uniform standards for search results to be displayed to the Buyer, so long as it publishes such standards on its website and application, and applies such standards consistently and fairly to all Sellers and Seller Apps
 - (e) It must disclose to other Network Participants and ONDC, the key parameters of the logic used for sorting/listing search results, to ensure that Sellers are able to improve their ranking on listings or results
 - (f) It must provide the Buyer the option to sort search results as per reasonable parameters relevant to the product/service in question, to enable the Buyer to make an informed purchase decision.
 - (g) to prominently display the name of the Seller Side App offering the product/service, and must clearly convey the same to Buyer on their application at any time before the completion of the order, which may include the listing page with the search results or the product/service display page.

- 2.4.3 All Buyer Side Apps, must also comply with the following display obligations:
- (a) ensure that they faithfully display the descriptions of goods and services (including the features, price, photographs, terms of sale etc.) as relayed by the Seller and/or Seller Side App.
 - (b) Buyer Apps may not modify the descriptions relayed by the Seller Side App and/or Seller in any way without obtaining explicit consent to do so from the Seller. However, the Buyer App may provide additional information over and above that relayed by the Seller App and/or Seller, so long as it clearly indicates that the information is provided by the Buyer App and not the Seller;
 - (c) describe any differential treatment (such as sponsored results) that is given to goods, services or Sellers or Service Providers of the same category; and
 - (d) take reasonable efforts to maintain a record of Sellers or Service Providers who repeatedly offered goods or services that have been removed by the platform under Applicable Law.
- 2.4.4 The Buyer Side App will ensure that it displays all relevant and mandatory information received from Network Participants as per Applicable Laws to Customers / End Users. In the event any information or product listing does not have all relevant and mandatory information as per Applicable Laws, the Buyer Side App shall have the right to not display the same to the End Users or Customers.
- 2.4.5 The Buyer Side App should clearly display the return and refund policy for products and services to the Buyer (where applicable). This policy should explain who can return, exchange, or get a refund, any additional requirements, and the time limits for doing so. This information should be based on what other network participants have provided and what the law requires. If the Seller Side App's policy doesn't allow returns, exchanges, or refunds for certain products, the Buyer Side App must let Buyers know about this both on the product listing page and before they finalize their order.
- 2.4.6 The Buyer Side App involved in sale of goods in the retail domain must provide the Buyer with a live tracking link of the delivery personnel fulfilling the request, if such delivery is happening on the same day, as received from the Seller Side App. For deliveries on any other day, Buyer Side App shall provide the status of the delivery as received from the Seller Side App.
- 2.4.7 The Buyer Side App will also ensure that it provides all information as required by ONDC Network Policy for building of the Scoring/Badging System as laid out in Clause 2.6.
- 2.4.8 If the Buyer App mandates any specific product attribute, such requirements will be made accessible to other Network Participants.
- 2.4.9 If a Buyer Side App caches the search results relayed by the Gateway containing details of the catalogue offered by Seller Side Apps, at the time of performing a search on the cache data, a parallel search request must be sent to the Gateway, to ensure inclusion of Sellers that may have been added to the Network in the time between the previous update of the cache and the time of the search. Any Buyer App caching information must, at all times, comply with the time-to-live specified by the Seller Apps for every field of the catalogue, and that they refresh their cached catalogues to ensure most recent listings are made available to the End User.

- 2.4.10 A Buyer Side App is free to avail the services of any one or more of the Gateways registered with the ONDC Network.

2.5 Role and Obligations of Seller Side Apps

- 2.5.1 In the retail domain, in sale of goods the responsibility for onboarding of Sellers and Service Providers made available in the Seller Side App and ensuring the management of the end-to-end order lifecycle will be the sole responsibility of the Seller Side App. This would include, but not be limited to, onboarding of Sellers and Service Providers, catalogue management, order management, invoicing and reconciliation, customer support, returns management, payments, refunds and exchanges, which the Seller App will manage on its own or in agreement with the Sellers and Service Providers onboarded by the Seller Side App and as provided in the Applicable Law. Seller Apps will clearly specify which services are offered by them, by Sellers and Service Providers.
- 2.5.2 Seller Side App shall ensure that it provides the mandatory declaration in compliance with any Applicable Law mandating displaying of information for any category of products offered on the ONDC Network.
- 2.5.3 Seller Side App should put in place a mechanism to ensure the accuracy and integrity of the information transmitted on the ONDC Network in respect of the goods or services offered by it as NP-ISBN or by the seller as the NP-MSN to the Network Participants. To ensure this, will be the sole responsibility of the Seller Side App.
- 2.5.4 Seller Side App must ensure they comply with the following obligations
- ensure that all goods or services that are listed on their platform are discoverable on all Buyer Side Apps on the ONDC Network and will ensure that End Users always have access to the entire catalogue of goods or services offered by the Seller Side Apps.
 - Clearly communicate on their website or mobile application the criteria for refusing search requests or providing different treatment to Buyer Side Apps. This includes variations in prices, transaction terms, features, or add-ons. These criteria must be consistently and fairly applied to all Buyer Side Apps.
- 2.5.5 If the Seller Side App provides logistics service, upon availing such a service, the Buyer should be provided, through the Buyer Side App, a live tracking link of the delivery personnel fulfilling the request, if such delivery is happening on the same day. For deliveries on any other day, the status of the delivery will always be made available.
- 2.5.6 A Seller Side App is free to avail the services of any one or more of the Gateways registered with the ONDC Network.
- 2.5.7 All Marketplace Seller Nodes (MSNs) that are operational in the retail domain shall conduct due diligence on all sellers and merchants they onboard. This due diligence must include collecting and maintaining the following information:
- The name, address, telephone number, and email address of the merchant or its grievance redressal officer.
 - Identity proof that validates the identity of the merchant.
 - Where a merchant is a registered or incorporated business, its registration number or an equivalent means of identification.

- A self-certification by the merchant committing to only offer products or services that comply with the applicable laws.

2.6 Scoring/Badging System

- 2.6.1 ONDC will, in due course, by itself or through an authorised entity, create and maintain a Scoring/Badging system or registry for Sellers and Buyers on the basis of data that the Participants may provide with consent as required under the Applicable Laws. The Participant shall be responsible for the data provided to ONDC. For purposes of establishing the Scoring/Badging System, ONDC shall develop and publish the mechanisms of Scoring/Badging.

For clarity, any data-shared with ONDC pursuant to this Clause 2.6 will not be construed as a violation of any other provisions in the ONDC Network Policy related to the protection of Confidential Information.

- 2.6.2 ONDC shall create and maintain the Scoring/Badging System by itself or through a third party authorised by it and shall disclose the data or information provided by the Participants to such third party for the purpose of creating or maintaining the Scoring/Badging System.
- 2.6.3 The Participant shall permit ONDC to use and exploit all information stored in the Scoring/Badging system relating to such Sellers or Seller Side App or the Buyer Side App, as ONDC deems fit. To this extent, the Participant shall obtain necessary consents under Applicable Law permitting ONDC for such continued use.
- 2.6.4 Buyer Side Apps and Seller Side Apps must comply with ONDC's Policies and guidelines on the Scoring/Badging System which may include but are not limited to guidelines regarding uniquely identifying a Seller and a Buyer across the network.
- 2.6.5 The Scoring/Badging System shall provide a consolidated rating for Buyers and Sellers and the Buyer Side Apps and the Seller Side Apps must provide for display of the reputation of relevant parties to the users to help them make their business decisions.

Definitions:

Affiliates shall include related parties and associated enterprises, wherein:

- (i) Related parties shall have the same meaning as assigned to it in section 2(76) of the Companies Act 2013;
- (ii) Two enterprises shall be deemed to be associated enterprises -
 - a. if the enterprises are related to each other through a common chain of directors or managing partners;
 - b. if the enterprises are related to each other through a common chain of shareholders, where such shareholders hold not less than 5 percent per cent of the shareholding in the related enterprises;
 - c. if the enterprises having 10 per cent or more common ultimate beneficial ownership;
 - d. where one enterprise can exercise a right to veto any decision, appoint one or more director(s) or in any other manner influence other entity's decision making on any matter either through its shareholding or through an agreement including a shareholders' agreement;
 - e. where one enterprise holds, directly or indirectly, shares carrying the voting power in the related entities;
 - f. where any person or enterprise holds, directly or indirectly, shares carrying the voting power in the related entities;
 - g. if there exists between the enterprises, any relationship of mutual interest, as may be prescribed by ONDC.

Schedule 2A

Technical Performance Parameters for Network Participants

1. All Network Participants, other than Gateways, are required to ensure uptime on best effort basis and must upfront publish online their availability window as well as any scheduled downtimes.
2. All Gateways will ensure that its services are operational and available in the network round-the-clock ensuring 99.95 percent uptime except for scheduled and pre-published downtime. Gateways must ensure, on best effort basis, that their scheduled downtime is as limited as possible, and shall in no case exceed 30 minutes in a month.
3. Technical Performance parameters are subject to any *force majeure* events and ONDC may waive the failure of meeting the required technical parameters in such cases. All Network Participants must inform ONDC as soon as practicable if they face any technical issues due to *force majeure* events.

Version History

Version	Date	Description
0.2	10th June 2022	Second revision
0.3	14th June 2022	Released to NPs
1.0	15th September 2022	<ul style="list-style-type: none"> - Changed Chapter number from '8' to '2'. Changed numbering of all clauses and sub-clauses accordingly - Renamed Chapter from “<i>Network Participant Policies</i>” to “<i>Business Rules</i>” to avoid confusion - Amended reporting requirements of cybersecurity incidents and breaches. Increased number of hours to report any incident from 2 to 6 - Added clause to indemnify network participants in case if their content is modified by other Participants - Removed clause which restricts NPs from conducting security tests of the Network or other Network or Ecosystem Participants - Clarified clause mandating provision for entering GST details for B2B transactions - Added obligations on Buyer App to comply with Time To Live (TTL) declared by Seller App for their catalogue - Added obligation on Buyer Side Apps to be transparent about logic/algorithm used for listing search results - Added obligation on Buyer Side App to publish any prescriptions for minimum standards for displaying search results to Buyers - Buyer Side Apps allowed to not display search results of a product, if relevant and mandatory information required under Applicable Laws is missing - Number of days to report changes in information reported during registration increased from 2 to 7 - Affiliates of Buyer or Seller Apps allowed to operate as Gateways subject to certain conditions - Added clarification that data shared by NPs for purposes of Scoring/Badging shall not be considered a violation of other provisions of the ONDC Network Policy (e.g.: confidentiality) - Changed the term ‘Reputation Ledger’ to ‘Scoring/Badging System’ - Harmonised grievance redress provisions with upcoming Issue and Grievance Management Policy
1.1	6th June 2023	<ul style="list-style-type: none"> - Amended Clause 2.3.3 (k) for Buyer Apps to publish information on parameters for ranking

		products/services/sellers on their website and mobile application
1.2	8th July 2023	<ul style="list-style-type: none"> - Amended Clause 2.3.3 (k) to add proviso mandating Buyer Apps to offer alternative sorting options to buyers - Added Clause 2.3.3 (l) mandating Buyer Apps to display Seller App's name to the Buyer before order completion - Amended Clause 2.3.4 (a) requiring Buyer Apps to collect the explicit consent of Seller to modify the Seller's catalogue - Erstwhile Clause 2.4.6 is renumbered to Clause 2.4.6 (a) - Added Clause 2.4.6 (b) mandating Seller Apps to publish criteria to give any differential treatment to Buyer Apps
2.0	15th February, 2024	Simplified and Rationalised Chapter released to NPs
2.1	24th August, 2024	Added clause 2.5.7 requiring Marketplace Seller Nodes (MSNs) to conduct due diligence on sellers/merchants they onboard
2.2	October, 2024	Amended clause 2.4.6, 2.5.1 to clarify that the obligation is applicable to participants operating in retail domain