GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE

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UNSTARRED QUESTION NO. 212.
TO BE ANSWERED ON FRIDAY, THE 21ST JULY, 2023.

USE OF ONDC IN COMMERCE AND INDUSTRY

212.   Shri Ayodhya Rami Reddy Alla:

Will the Minister of **Commerce and Industry** be pleased to state:

(a)   the manner in which Open Network for Digital Commerce (ONDC) support interoperability and seamless integration across different platforms and systems;

(b)   the potential benefits and challenges associated with the adoption and use of the ONDC and the manner in which ONDC promote transparency, trust and efficiency in commerce and industry; and

(c)   the manner in which ONDC facilitate digital transactions and interactions between businesses and consumers?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)

(a):   The Open Network for Digital Commerce (ONDC) is a Section 8 company, under the initiative of DPIIT, with a mission to democratize digital commerce. ONDC develops and maintains the ONDC Protocol, an open technical standard similar to UPI, HTTP and SMTP. Any two platforms that are compliant with the ONDC Protocol can interoperate without specifically integrating with each other's systems. The ONDC Protocol compliant applications together constitute the ONDC Network. Just as UPI enables interoperability of banks and payment platforms to transfer money, or SMTP allows people to exchange emails without worrying about which email service the recipient uses, the ONDC Protocol allows buyers and sellers to trade goods or services no matter which /platform they use, as long as the platforms are part of the ONDC Network.

(b):   The benefits of the ONDC Network include lower entry-barriers to digital commerce, providing Level playing field for all e- Commerce models and unbundling of various stages of e-commerce transactions to allow new business models and opportunities. Hence, ONDC ensures an expansion of digital commerce, making it more inclusive.

The challenges with the adoption of ONDC are that the ONDC Network is enabling offline businesses to move online for the first time, and hence this transition can be challenging. However, ONDC is providing systems for assistance and capacity building initiatives to make this transition smooth and hassle free.

ONDC promotes transparency, trust and efficiency through its design as well as operational practices including free and open-source standards and systems, decentralisation and privacy by design, participatory approach and transparency, level playing field, clear audit trail and protecting buyer and seller rights.

(c): ONDC Network is based on open specifications namely the ONDC Protocol. Thus, any two platforms that are compliant with the ONDC Protocol can interact with each other without having to learn the other platform's specific language for handling messages and processes.

This is achieved through the ONDC Registry. The Registry is like a phonebook which one can use to find other ONDC Protocol-compliant platforms. Details of all the registered platforms are in the registry after certification of the compliance to the protocol and signing the agreement of participation.

The Protocol and the Registry together create a collection of e- commerce platforms that can discover, connect and interact with each other. The ONDC Network includes multiple buyer applications and seller applications all working seamlessly with each other. With this opennetwork, buyers can discover and purchase products/services from sellers using any seller application, through a single buyer application of their choice.

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