# Open Network for Digital Commerce (ONDC)

August 11, 2022

**In news-** **US firm Microsoft has become the first big tech company to join the Open Network for Digital Commerce (ONDC), a government-backed project.**

**About Open Network for Digital Commerce (ONDC)-**

- ONDC is a network based on open protocol and will enable 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 an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry.
- It is an initiative aimed at promoting open networks for all aspects of exchange of goods and services over digital or electronic networks.
- Project seeks to enable small merchants in parts of the country to access processes and technologies that are typically deployed by large e-commerce platforms.
- ONDC is to be based on open-sourced methodology, using open specifications and open network protocols independent of any specific platform.
- It is being developed as a counter to the current duopoly in the Indian e-commerce market which is largely dictated by Amazon and Walmart-owned Flipkart.
- In May 2022, the Department for Promotion of Industry and Internal Trade (DPIIT) went live with a test run of ONDC in cities like Delhi-NCR, Bengaluru, Coimbatore, Bhopal, and Shillong where it plans to onboard 150 sellers.
- The ONDC platform lies in the middle of the interfaces

hosting the buyers and the sellers.

- So far, the buyer side interface is being hosted by Paytm, whereas the seller side interface is being hosted by other players like GoFrugal, etc.
- When a buyer searches for an item on the Paytm app, from where ONDC has gone live, the app will connect to the ONDC platform, which will connect it to seller side interfaces that will list all the companies from where one can buy the particular item.
- ONDC is being seen as the UPI-moment for the e-commerce market, and its whole claimed value proposition lies as "democratising" digital commerce, taking it away from the clutches of a handful of deep-pocketed companies, as is the case currently.
- In theory, ONDC may enable more sellers to be digitally visible, which means that for online buyers, it could present increased options at a number of different price points.
- It aims to transform the marketplace ecosystem from an operator-driven platform-centric model to a facilitator-driven interoperable decentralised network

**Microsoft & others joining ONDC-**

- **Microsoft intends to introduce social e-commerce group buying experience in the Indian market, which would include a shopping app for Indian consumers along with their social circle, harnessing the ONDC network to discover the best pricing among retailers and sellers.**
- **A number of participants currently live on the ONDC network, offering a number of services in the e-commerce supply chain such as buying, selling and offering logistics services.**
- **Among those that are live are Paytm, which has joined the platform as a buyer, and Reliance-backed Dunzo, which is offering logistics services for hyperlocal deliveries.**

- **Axis Bank, HDFC Bank and Airtel have already initiated integration with the network.**