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CURRENT AFFAIRS



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OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

This article covers "Daily Current Affairs for UPSC" and the topic details "Open Network For Digital Commerce (ONDC)". The Topic ONDC has relevance in the Science and Technology section for the IPSC CSE exam.



Open Network For Digital Commerce

OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

For Prelims:

What is ONDC?

What are the features of an ONDC?

For Mains:

GS 3: Science and Technology

Need for ONDC

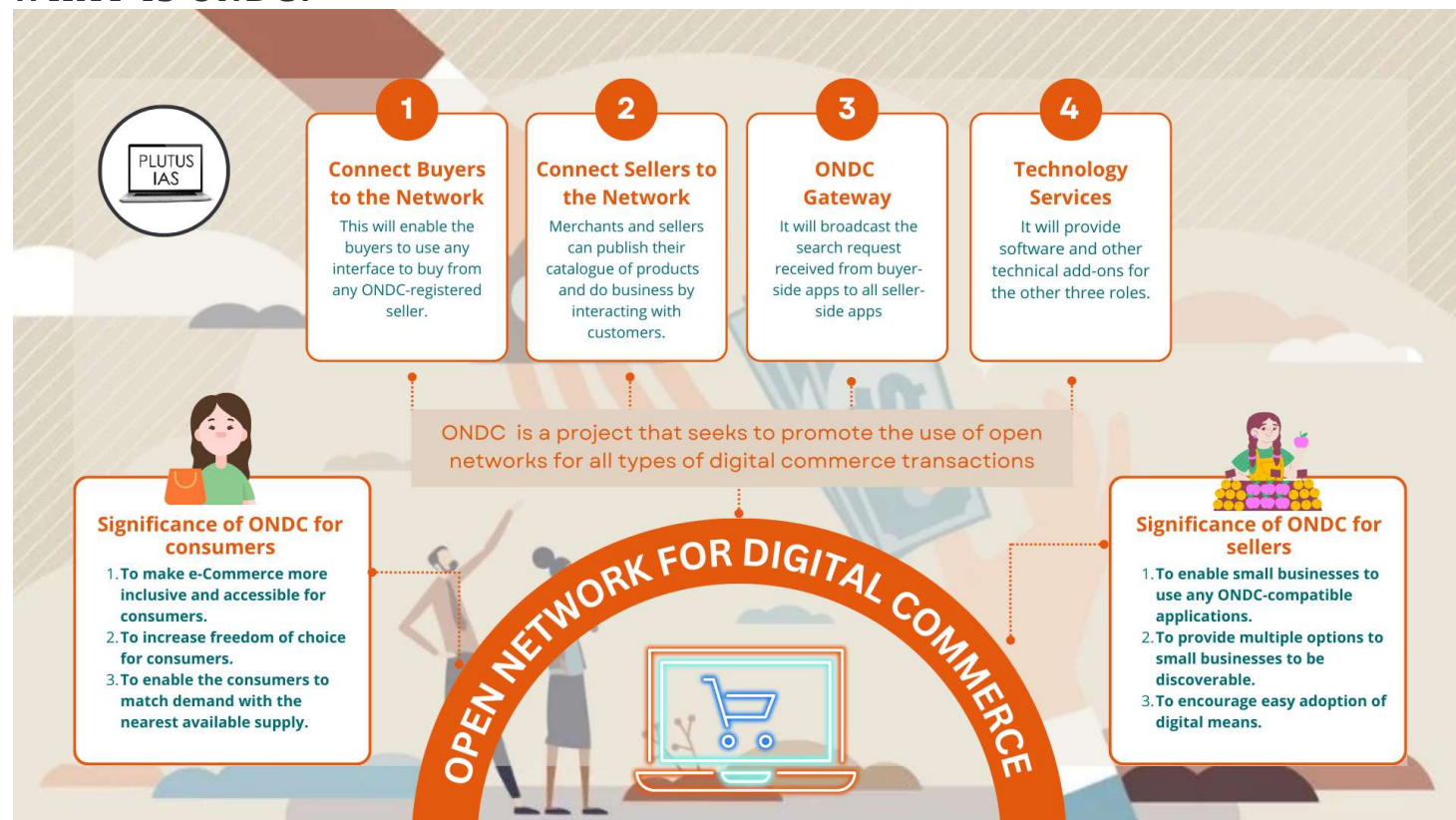
Significance of ONDC

Challenges associated with ONDC.

Why in the news?

Mr . Nandan Nilekani the founder of the UIDAI said at an event that the ONDC is revolutionary in its approach and will ultimately lead to the democratization of e-commerce in India.

WHAT IS ONDC?



ONDC

The ONDC is a project that seeks to promote the use of open networks for all types of digital commerce transactions, including the exchange of goods and services. The initiative is built on an open-source approach that utilizes open specifications and network protocols, which are not tied to any particular platform. This methodology enables a more inclusive and accessible network for digital commerce, which is not limited to specific platforms or technologies.

FEATURES

• Connect Buyers to the Network

This will enable the buyers to use any interface to buy from any ONDC-registered seller. Any technical/telecom interface that allows a buyer to search for a seller for the product they want, add to a cart, and complete the purchase. Such interface options include but are not limited to

- A mobile app,
- A desktop app,

- A website/webpage,
- A messaging platform, and
- Interactive voice response (IVR).

- **Connect Sellers to the Network**

- 1.
1. It includes the application, on the network, through which merchants and sellers can publish their catalog of goods and services and do business by interacting with customers.

- **ONDC Gateway**

1. It includes the application, on the network, which will broadcast the search request received from buyer-side apps to all seller-side apps, based on criteria such as domain or location.

- **Technology Services**

1. Provide software and other technical add-ons for the other three roles.

WHAT IS THE NEED FOR OPEN NETWORK FOR DIGITAL COMMERCE?

With the proliferation of the internet, financial inclusion, and e-commerce places it becomes necessary that all the sellers irrespective of their size become a part of this new-age economic business model.

Mr. Nilekani said that there is a need for the democratization of e-commerce so that small shop owners and vendors can also participate when the market today is dominated by a few big companies like Amazon, Flipkart, and among others.

This move will enable everyone willing to be a part of the online market. This architecture will include millions of small vendors to participate and augment their businesses.

WHAT IS THE PRESENT PLATFORM-CENTRIC MODEL AND HOW IS OPEN NETWORK FOR DIGITAL COMMERCE DIFFERENT FROM THIS?

Currently, a buyer has to access a specific platform to make a purchase. A seller has to register to a specific platform to gain visibility in the e-commerce market. This restricts both the buyer and the seller to a specific platform. This is the Platform centric model.

The ONDC protocols aim to standardize various operational tasks, including cataloging, inventory management, order processing, and order fulfillment. As a result, small businesses would not be bound by platform-specific policies and could leverage any ONDC-compatible applications. This would offer a range of options for small businesses to promote their products or services on the network and engage in transactions. Additionally, this approach could facilitate the adoption of digital commerce by those who are not yet part of any existing digital networks.

WHAT IS THE SIGNIFICANCE OF ONDC?

ONDC is a revolutionary approach that aims to democratize how e-commerce functions. Both consumers and buyers will get benefited from the use of this platform.

The significance of ONDC for consumers can be described as follows:

- To make e-Commerce more inclusive and accessible for consumers.
- To increase freedom of choice for consumers.
- To enable the consumers to match demand with the nearest available supply.

The significance of ONDC for sellers can be described as follows:

- To enable small businesses to use any ONDC-compatible applications instead of being governed by specific platform-centric policies.
- To provide multiple options to small businesses to be discoverable over the network and conduct business.
- To encourage easy adoption of digital means by those currently not on digital commerce networks.

WHAT ARE THE CHALLENGES ASSOCIATED WITH ONDC?

Besides being a revolutionary model ONDC also comes with a set of challenges as follows:

- There is a possibility of not getting enough e-commerce platforms to sign up with ONDC.
- There are issues with customer service.
- There are issues with payment integration.

Source:
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