Open Network for Digital Commerce

Why in News

The **Department for Promotion of Industry and Internal Trade (DPIIT)** has issued orders appointing an advisory committee for its **Open Network for Digital Commerce (ONDC) project** that is **aimed at curbing "digital monopolies".**

- This is in the direction of making **e-commerce processes open source,** thus creating a platform that can be **utilised by all online retailers.**
- Earlier, the **Ministry of Consumer Affairs** released draft **e-commerce rules** for consumer protection which seek to bring changes to how e-commerce marketplaces, including Amazon and Flipkart, operate after small businesses complained that they misuse market dominance and deep-discounting to gain an unfair advantage.

Key Points

- **About:**
    - The ONDC aims at promoting open networks developed on open-sourced methodology, using open specifications and open network protocols, independent on any specific platform.
    - The project to integrate e-commerce platforms through a network based on open-source technology has been tasked to the **Quality Council of India.**
    - Implementation of ONDC, which is expected to be on the **lines of Unified Payments Interface (UPI)** could bring various operational aspects put in place by e-commerce platforms to the same level.
        - Various operational aspects include onboarding of sellers, vendor discovery, price discovery and product cataloguing etc.
    - On ONDC, buyers and sellers may transact irrespective of the fact that they are attached to one specific e-commerce portal.

- **Significance:**
  - If the ONDC gets implemented and mandated, it would mean that **all e-commerce companies** will have to operate **using the same processes** (like Android Based Mobile Devices).
  - This could give a huge booster shot to smaller online retailers and new entrants. If mandated, this **could be problematic for larger e-commerce companies, which have their own processes and technology deployed** for these segments of operations.
  - ONDC is expected to **digitise the entire value chain, standardise operations, promote inclusion** of suppliers, derive **efficiency in logistics** and enhance **value for consumers.**
- **Meaning of Open-Source:**
  Making a software or a process open-source means that the **code or the steps of that process is made available freely** for others to use, redistribute and modify it.
    - For example, while the operating system of **Apple's iPhones (iOS) is closed source,** meaning it cannot be legally modified or reverse engineered,
    - **Google's Android operating system is open-source,** and therefore it is possible by smartphone manufacturers such as Samsung, Xiaomi, OnePlus, etc to modify it for their hardware.

E-Commerce

- Electronic commerce or e-commerce is a business model that lets firms and individuals buy and sell things over the Internet.
- Propelled by rising smartphone penetration, the launch of 4G networks and increasing consumer wealth, the Indian e-commerce market is expected to grow to **USD 200 billion by 2026.**
- The Indian e-commerce industry has been on an upward growth trajectory and is **expected to surpass the US** to become the second-largest e-commerce market in **the world by 2034.**

Major Types of E-commerce

TYPE OF E-COMMERCE	EXAMPLE
B2C—Business to Consumer	Amazon.com is a general merchandiser that sells consumer products to retail consumers.
B2B—Business to Business	eSteel.com is a steel industry exchange that creates an electronic market for steel producers and users.
C2C—Consumer to Consumer	eBay.com creates a marketspace where consumers can auction or sell goods directly to other consumers.
P2P—Peer to Peer	Gnutella is a software application that permits consumers to share music with one another directly, without the intervention of a market maker as in C2C e-commerce.
M-commerce—Mobile commerce	Wireless mobile devices such as PDAs (personal digital assistants) or cell phones can be used to conduct commercial transactions.

Source: IE