

# OPEN NETWORK FOR DIGITAL COMMERCE (ONDC)

Overview of the ecosystem and its capabilities

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# Acknowledgements

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# EXECUTIVE SUMMARY

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## Overview of ONDC

The Indian e-commerce market is expected to grow at 20% Compound Annual Growth Rate (CAGR) and **reach \$350 billion by 2030**, driven largely by a growing, smartphone-savvy, young population. However, **India's small and medium enterprises face several challenges in the current e-commerce landscape**, such as high commission rates of e-commerce platforms, preferential treatment to the platform's own sellers, and lack of transparency in price fluctuations and processes.

In order to bridge these gaps, the government has developed an **Open Network for Digital Commerce (ONDC)** that aims to create a **level playing field** for all players. The ONDC enables e-commerce to shift from a platform-centric model to an open network model, ensuring greater discoverability, transparency and interoperability between players. A product listed on any one platform (e.g. Myntra) would be **discoverable and available for purchase from any other platform** (e.g. Amazon, Flipkart), improving visibility and market reach for players. It also offers services like **delivery and warehousing** through listed B2B providers on the network to sellers who do not have integrated logistics and warehousing assistance (like Amazon and Flipkart).

## Components of ONDC

The ONDC comprises of three core building blocks, (1) An **open protocol**, the Bechn protocol, which forms the technological foundation of the network to enhance discoverability for players; (2) the **network's participants, such as the buyers, sellers, and other providers**, who are vital components, as their adoption implies the network's success, and (3) **regulatory guide rails** that ensure network and data protection across participants.

## Governance and implementation

The government has set up the **ONDC company, a private non-profit** to facilitate the adoption, effective governance, conflict resolution, and technological advancement of the network. It is majorly owned by private companies ( 20 investors) who have committed over US\$2.5 billion, according to the ONDC strategy paper released in January 2022. Additionally, the government has also set up an advisory council that includes industry experts from both the public and private domains to guide the government on the design and public adoption of the network.



## Governance and implementation (contd.)

The ONDC was piloted across four states in April 2022, bringing together select buyer- and seller-side applications to **determine the network's viability on the ground**. Several players, both public and private, have partnered with the ONDC to deliver unique services leveraging one or more aspects of the network.

## Challenges for ONDC

Existing grey areas in the ONDC's strategy that needs to be addressed include clarity on **accountability in product- or delivery-related issues**, ways to **compete with peers that offer hefty discounts**, adoption of the **revenue generation model** for the network, the need for **initial investments** required of individual sellers.

## Role of the philanthropic sector

The philanthropic sector can play a critical role in **catalysing the adoption** of and **facilitating ease of business** for the Micro, Small and Medium Enterprises (MSME) on the network, primarily through their potential to (a) **foster innovation of inclusive applications** such as low-data applications, simple user interfaces, and low-cost solutions for technology setup; (b) enable **credit solutions for sellers** through innovative financing methods such as a first-loss guarantee; (c) support the government in building guidelines, organising adoption campaigns, and **schemes for MSMEs** such as One District One Product (ODOP), and (d) **create demand for products from small sellers**.



# OVERVIEW OF THE ONDC

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## Since the launch of the Unified Payments Interface (UPI), the government has explored similar digital public goods in other areas.

### Background

- India has emerged as a pioneer in developing and deploying digital public goods at scale.
- It was one of the first developing countries to have a digital identity initiative, Aadhaar at population scale and digital payments infrastructure in the form of UPI.
- Since the launch of UPI in 2016, the government has looked to create similar digital public goods in a host of other areas such as digital lending, e-commerce, healthcare, livelihood and others.

### Context

- This primer looks to provide a basic understanding of the Indian government's Open Network for Digital Commerce (ONDC) which aims to break the silos of multiple e-commerce platforms and unify them with a single, open network.
- The objective of this primer is to:
  - Build a case for the ONDC in the current e-commerce landscape.
  - Understand the layers, building blocks and governance of the network.
  - Understand the role that philanthropic organisations can play in increasing the adoption of the network.

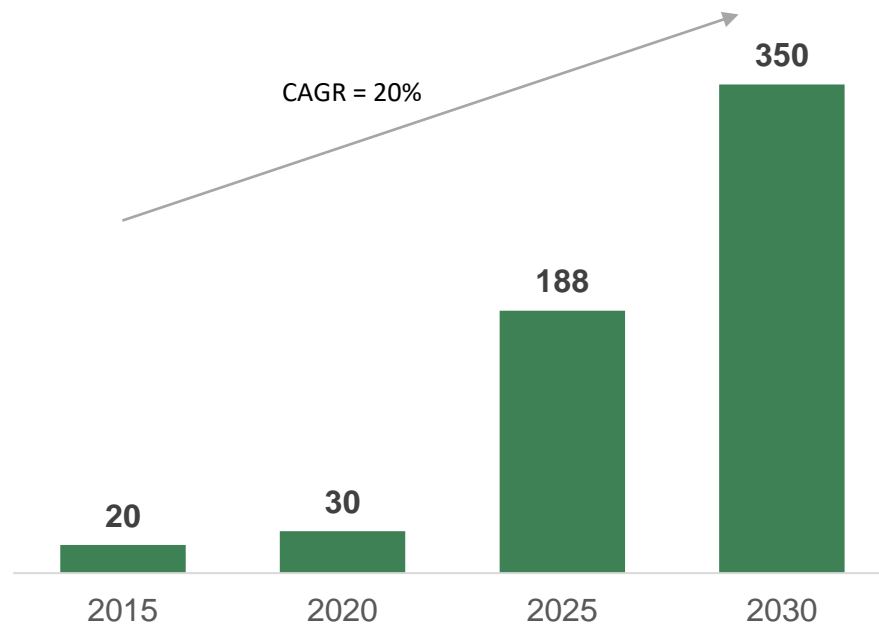




The Indian e-commerce industry is on an **upward growth trajectory**; **young population, increased internet and smartphone penetration** are the main drivers of this growth.

The Indian e-commerce market is expected to grow to **US\$ 350 billion by 2030** (IBEF).

Rise of e-commerce in India (in US\$ billion)



**E-commerce companies are witnessing tremendous growth**

E-commerce in India received **US\$ 15 billion** of PE/VC investments in 2021, which is a 5.4 times increase year-on-year (IBEF 2022).

**Businesses are increasingly going online**

Thousands of **brick-and-mortar businesses moved online to adapt to fast paced digitalisation**, accelerated by the pandemic.

**Home to millions of online shoppers**

In absolute terms, **India is the third largest base of online shoppers (140 million)**, only behind China and the US (Bain and Company).



**However, low e-retail penetration, limited digitisation of MSMEs, and market monopoly by giants hinder the growth of small players in the current e-commerce market.**

### Majority of the retail sector is digitally excluded

Around **12 million kirana stores** (hyperlocal neighbourhood provision stores) account for 90% of the retail sector in India, and **90% of them do not have a digital presence** (ONDC).

### E-retail penetration is extremely low in India

Despite being the **4<sup>th</sup> largest retail market** in the world, **e-commerce contributes to nearly 4% of the total retail Gross Merchandise Value (GMV)** in India, well below the e-retail penetration in countries like China (25%), South Korea (26%), and UK (23%) (World Bank).

### Market monopoly not in favour of small players

E-commerce giants hold a major share, **over 62% of the total retail market** in India, resulting in limited competitiveness, and entry barriers for smaller players (RedSeer).

### Low digitisation of India's MSMEs

**Five in ten (or about 53%) micro and small enterprises** use digital sales channels such as online aggregators, marketplaces, social media and mobile marketing, compared to 29% pre-pandemic (CRISIL).



## The government's Open Network for Digital Commerce (ONDC) is envisioned to address these hurdles.

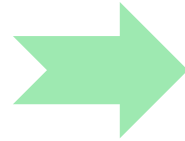
	Systemic Issues	ONDC addresses them through...
Multiple siloed platforms limit the autonomy of sellers	<ul style="list-style-type: none"> <li>Limited participation due to registrations required on multiple non-interacting platforms, increasing the cost of doing business online.</li> <li>Sellers maintain separate infrastructure and processes for each platform, adding to their time and cost.</li> </ul>	<ul style="list-style-type: none"> <li>Increased access to buyers across platforms. Registration is needed only on one platform which decreases time and cost of establishing and maintaining an online presence.</li> </ul>
Non-portability of reviews	<ul style="list-style-type: none"> <li>Multiple ratings on different platforms for the same set of products.</li> <li>No provision for transferring valuable data like reviews, ratings etc across platforms and capitalising on the seller's hard-earned reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Online sellers receive consolidated ratings, factoring in reviews from all platforms on the network.</li> <li>Sellers can use this when they register on new platforms.</li> </ul>
Limited visibility of goods and services	<ul style="list-style-type: none"> <li>Search engines typically prioritise products from large e-commerce platforms with large marketing budgets. This, in addition to preferential treatment to private labels, significantly impacts digital visibility, hence competitiveness of small players.</li> </ul>	<ul style="list-style-type: none"> <li>The ONDC ensures uniform visibility of all retail sellers, irrespective of their size, thereby ensuring inclusivity and increased competitiveness.</li> </ul>
Barriers for expansion	<ul style="list-style-type: none"> <li>Retail businesses like kirana stores physically cater to small areas or localities within a certain radius, limiting their area of operations.</li> </ul>	<ul style="list-style-type: none"> <li>Online presence drastically expands their service base.</li> <li>The ONDC offers opportunities in logistics and supply chain to ensure infrastructural support to small businesses.</li> </ul>
Inconvenience of online shopping	<ul style="list-style-type: none"> <li>Buyers navigate multiple platforms to compare price, ratings, delivery time etc. of a single product. This decreases the comfort and efficiency of shopping online.</li> </ul>	<ul style="list-style-type: none"> <li>Registering on a single platform on the network gives buyers access to all sellers across platforms. They do not have to go back and forth to compare products, prices and ratings. E.g. If both Amazon and Flipkart are registered with the ONDC, a customer searching for a smartphone on Amazon will also see results from Flipkart.</li> </ul>



# The ONDC enables consumers and sellers to trade online **regardless of the application or e-commerce platform they are registered with.**

## What is ONDC?

- The ONDC is a freely accessible government-backed open network for small and large-scale sellers.
- Established to **match online consumer demand with the nearest available source of supply.**
- Transaction between buyers and sellers to be carried out on any **platforms integrated with the network.**



## What will it do?

- Facilitates a strategic shift from current, platform-centric e-commerce ecosystem to **an open network model, to increase inclusivity and competitiveness.**
- **Levels the playing field for e-commerce operators** by expanding the digital market access for small businesses, traders and consumers.
- Digitises the entire e-commerce value chain and improves related **logistical efficiency.**
- Boosts **local economy** across segments including retail, wholesale, mobility, food delivery, logistics, travel, urban services etc (both B2B and B2C transactions).

## Measurable targets for next five years



Increase in **annual GMV** of digital transactions from **INR 0.45 million to over INR 0.75 million.**



Coverage **expansion of retailers** using digital commerce, from **0.25 million to over 0.4 million.**



Increase in **online shoppers** in India from **90 million to over 300 million.**



Geographic expansion of e-commerce from the currently covered **20k PIN codes to more than half the PIN codes in the country (50k).**

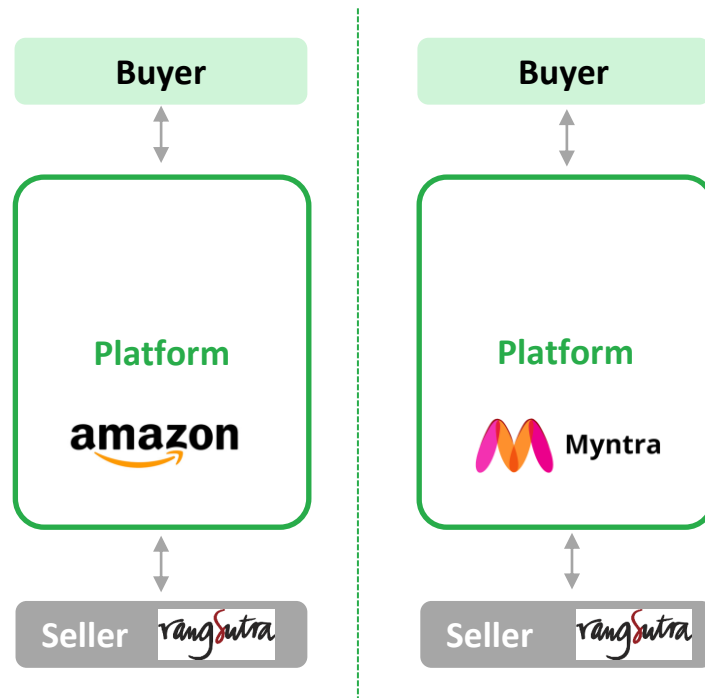


- The ONDC was conceptualised based on extensive research and consultations among the **Department for Promotion of Industry and Internal Trade (Ministry of Commerce and Industry) and Quality Council of India (QCI).**
- The ONDC takes inspiration from India's other population-scale solutions such as the UPI.



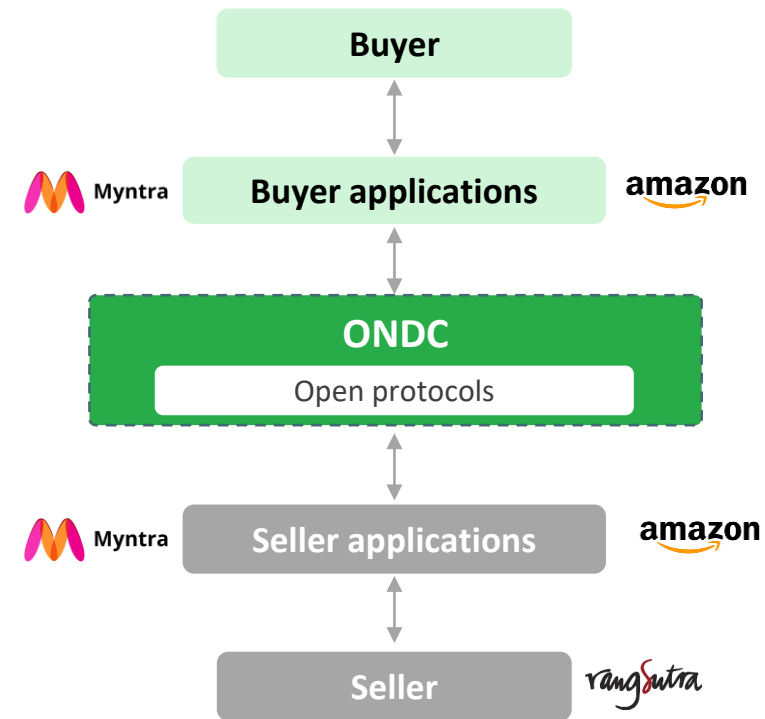
The ONDC democratises digital commerce by shifting it from a platform-centric model to an open network that enables interoperability and greater visibility.

From closed, platform centric e-marketplaces...



- Both buyers and sellers register on multiple platforms.
- Platforms use proprietary software and do not interact with each other.

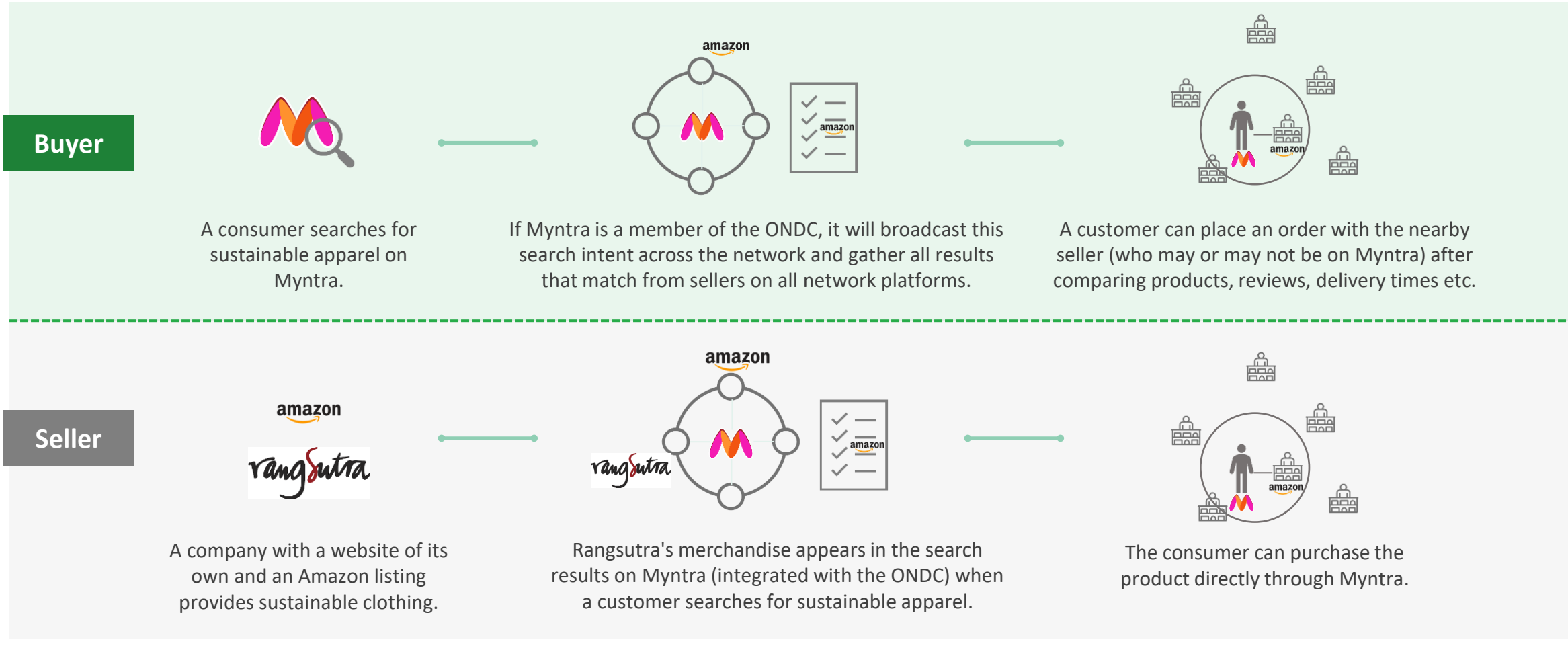
...to open, network-centric e-marketplaces.



- Sellers and buyers gain greater visibility as they can access multiple marketplaces by registering on a single portal.
- Allows for interoperability of platforms.

# It revolutionises the way e-commerce operates for both buyers and sellers by bringing all platforms on one open network.

## Buyer and seller experience of a transaction





## Sree SHG, a seller of organic goods on Amazon, expands its reach as it gets listed on multiple platforms; Mahesh, who runs a kirana store, expands his reach by utilising the logistical support provided by the network.

Profile	Current Landscape	Opportunities with ONDC
 <p>Name: <b>Sree SHG</b> Size: <b>40 women</b></p> <p>Location: <b>Nainital, Uttarakhand</b> Profession: <b>Sells organic cosmetics products, pickles, food products etc.</b> Assets: <b>Owns a manufacturing unit</b></p> <p><b>Market Reach</b></p> <p><b>Digital Competency</b></p> <p><b>Access to Finance</b></p> <p><b>Knowledge</b></p>	<ul style="list-style-type: none"> <li>The business sells products on Amazon. Due to high costs, it finds it challenging to expand its reach and integrate with additional platforms.</li> <li>Although the group uses digital channels for sales, it is not very competent in digital marketing and other operational procedures.</li> <li>Due to lack of collateral and other assets, access to financing is limited.</li> <li>Lacks commercial expertise and has little understanding of consumer demand.</li> </ul>	<ul style="list-style-type: none"> <li>Through integration with the ONDC, the group's products get listed on all platforms at no cost, expanding its clientele.</li> <li>With reduced costs on digital platforms, the group invests in marketing and other connected business activities.</li> <li>Access to finance improves with an active digital history, sales data, and reviews on the network.</li> <li>Utilises the network's anonymised data to improve its understanding of the space.</li> </ul>
 <p>Name: <b>Mahesh</b> Age: <b>56</b> Gender: <b>Male</b></p> <p>Location: <b>Noida, Uttar Pradesh</b> Profession: <b>Owns a kirana store that serves a radius of 2 km</b> Assets: <b>Owns a shop, supported by three helpers</b></p> <p><b>Market Reach</b></p> <p><b>Digital Competency</b></p> <p><b>Partnership</b></p>	<ul style="list-style-type: none"> <li>Mahesh has regular customers and offers hyperlocal delivery at homes within a small radius.</li> <li>Mahesh started offering one digital payment option post demonetisation and ventured to more options during COVID, such as UPI, PhonePe.</li> <li>Mahesh does not offer online services and has not partnered with any online grocery platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Mahesh expands his reach by registering on the ONDC platform and leverages local logistics providers listed on the platform for delivery.</li> <li>He takes his business online through the ONDC with no upfront cost, and utilises his existing consumer base to improve his reviews on the platform.</li> <li>He leverages the network to get his products listed on multiple platforms and increase his reach.</li> </ul>



# APCO, a weavers' cooperative, expands to reach more weavers and consumers through ONDC; Umesh, a last-mile delivery man, expand his reach and establishes a network of delivery services.

Profile	Current Landscape	Opportunities with ONDC
 <p><b>Name:</b> APCO <b>Cooperative Society</b></p> <p><b>Location:</b> Andhra Pradesh <b>Profession:</b> Marketing support to primary weavers of handloom goods <b>Assets:</b> Owns a studio, digitally competent, listed on marketplaces</p> <p><b>Market Reach</b></p> <p><b>Knowledge</b></p> <p><b>Partnership</b></p>	<ul style="list-style-type: none"> <li>APCO currently supports primary weavers from Andhra Pradesh by listing their products on online marketplaces.</li> <li>Aids in design development, product diversification, and knowledge of market demand.</li> <li>Works in a fixed, small radius for both procurement and delivery of products.</li> <li>Nascent local entrepreneurial environment.</li> </ul>	<ul style="list-style-type: none"> <li>Through the ONDC, the cooperative gets its products listed on multiple marketplaces, improving income for its end-retailers.</li> <li>Leverages B2B providers on the network to further improve market knowledge.</li> <li>Leverages the ONDC for inventory management.</li> <li>Expands area of operations by reaching out to a higher number of weavers and customers.</li> <li>Builds sustainable local entrepreneurial ecosystem.</li> </ul>
 <p><b>Name:</b> Umesh <b>Age:</b> 32 <b>Gender:</b> Male</p> <p><b>Location:</b> Kanpur, Uttar Pradesh <b>Profession:</b> Last-mile delivery for multiple e-commerce giants <b>Assets:</b> Owns a bike and smartphone (digitally competent)</p> <p><b>Market Reach</b></p> <p><b>Partnership</b></p> <p><b>Access to Finance</b></p>	<ul style="list-style-type: none"> <li>Umesh works with several e-commerce companies, such as Amazon and Myntra, to provide home delivery services within a predetermined radius in his city.</li> <li>He does not hold much hope for his business to flourish due to lack of resources.</li> <li>Due to lack of collateral and other assets, access to financing is limited.</li> </ul>	<ul style="list-style-type: none"> <li>Umesh lists himself as a logistics provider on the ONDC increasing his visibility to other retailers.</li> <li>With increased demand, he expands his business to run a network of last-mile delivery services in his and neighbouring districts.</li> <li>Access to finance improves through his digital sales record, GST and income slips.</li> </ul>



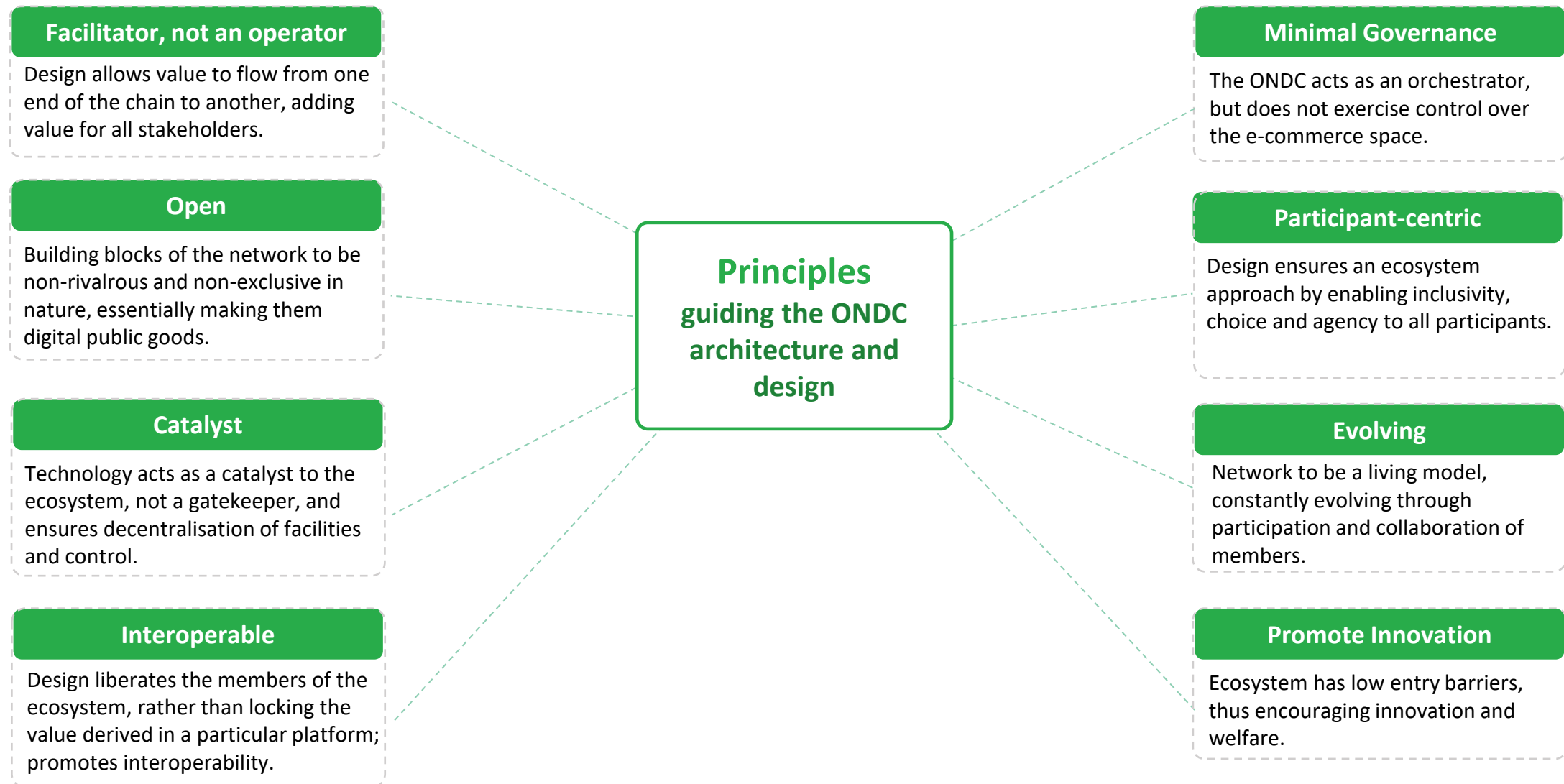


# COMPONENTS OF ONDC

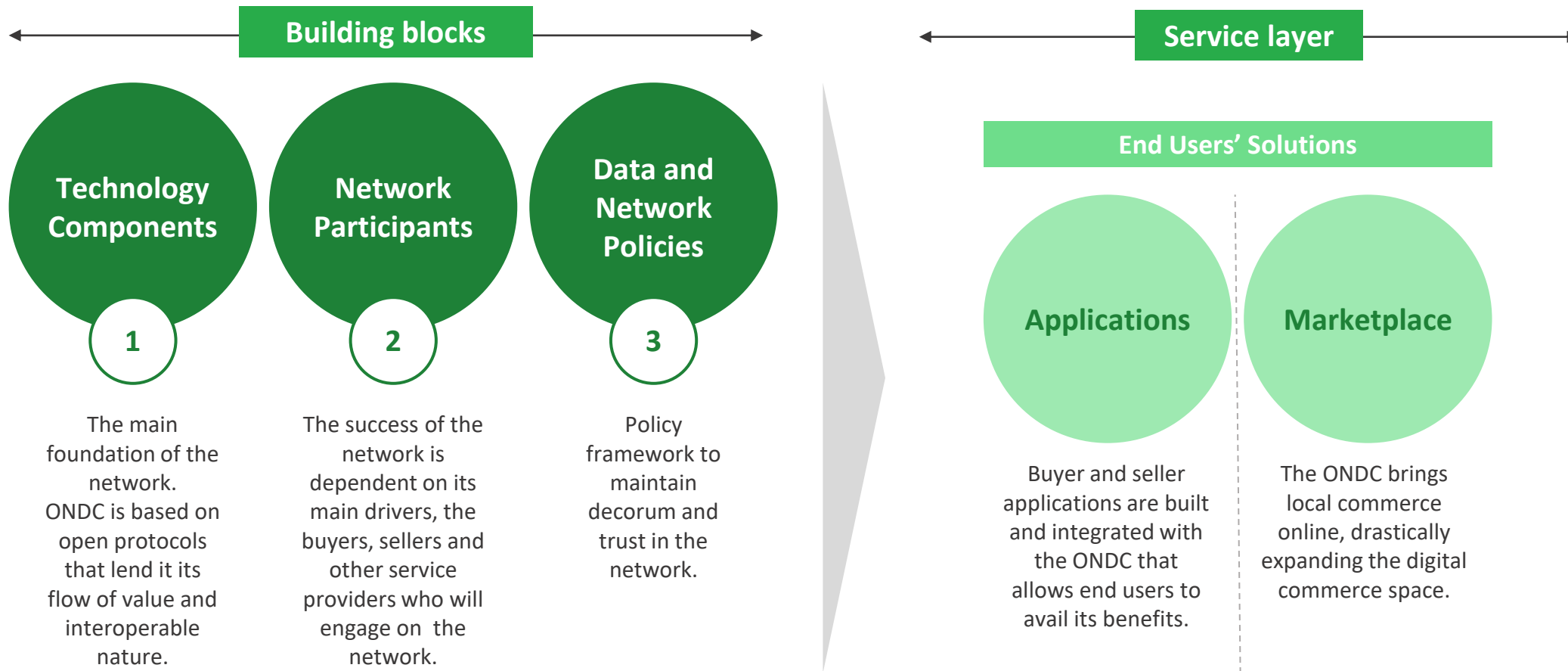
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## The ONDC architecture facilitates its two core features of openness and interoperability.



# The three building blocks of the ONDC network include technology components, network participants, and data policies.



# Technology components include gateways of discoverability for all buyer- and seller-side applications, and additional services such as registries, payments.

## 1 Technology Components

### Gateways are applications that ensure discoverability.

- A consumer from East Delhi searches for tea on a buyer app, the search request gets broadcast to all seller applications in the city. The customer receives requests from all Delhi-based sellers.
- This data gets fetched automatically from the seller applications based on previously agreed location-based specifications (Inc42).

### Buyer Applications enable end-users to transact.

- They represent the demand layer for goods or services, where transactions originate.

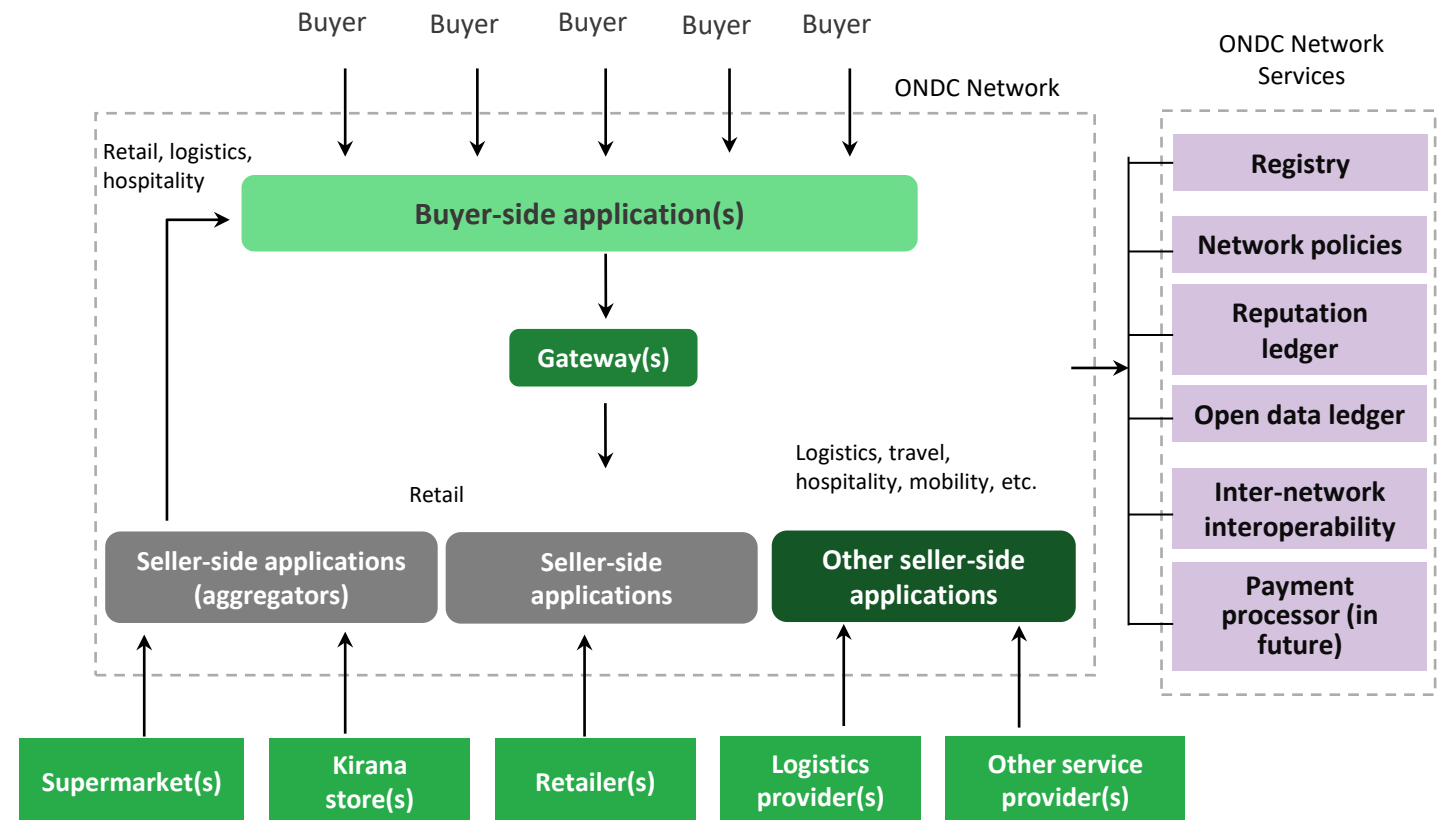
### Seller Applications represent the supply side of transactions.

- They receive buyer requests and, in response, publish their catalogue of goods and services and fulfil buyer orders.

### Other seller-side applications represent service providers on the supply-side of transactions.

- They provide complementary services to facilitate transactions.

### ONDC network services are services that enable network participants to transact on the network and form the digital infrastructure offered by the ONDC.



# The ONDC is built on the Bechn Protocol, an open and interoperable protocol, that allows for platforms to interact with each other and enable flow of value.

## 1 Technology Components

- ONDC specifications communicate over HTTP using Bechn APIs, a set of open network protocols for decentralised e-commerce.
- These protocols have been issued to build on 58 ONDC transaction use cases, including search-to-payment selection, returns, refunds and ratings.
  - It enables location-aware, local commerce across industries to be discovered and engaged by any network-enabled applications.

### Open Network ensures:

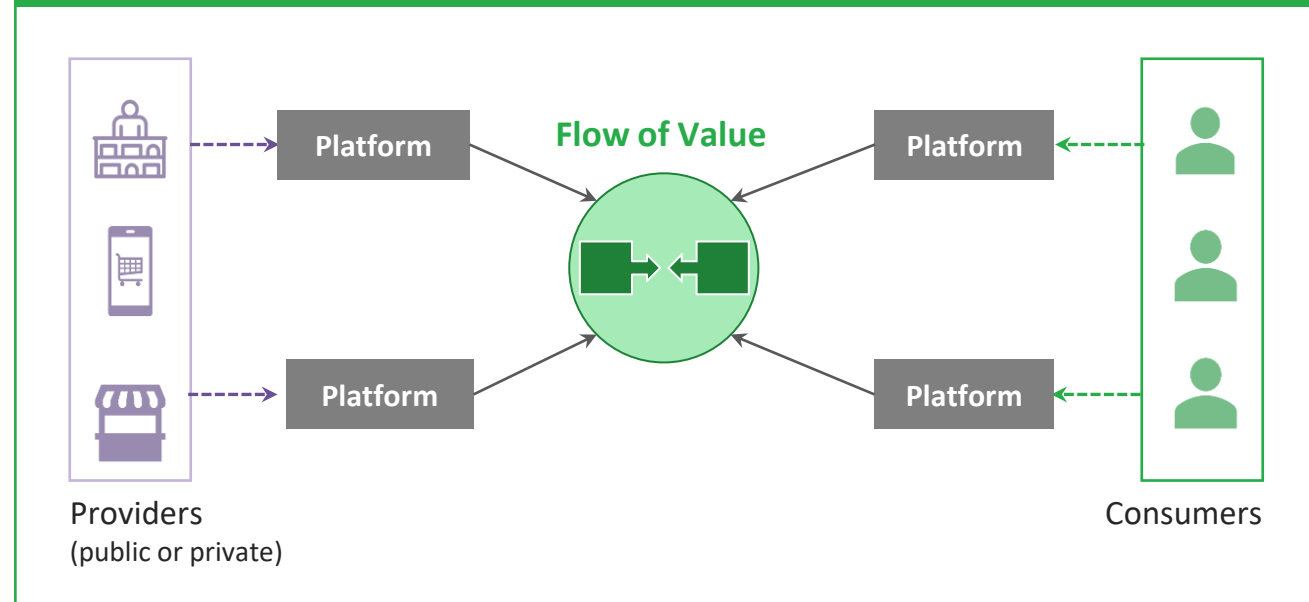
#### Unbundling

- In any transaction, the seller, logistics, and buyer-side activities are unbundled and taken up by different entities, to reduce go-to-market efforts of individual providers and improve efficiency.
- Open protocol re-bundles the distributed network components as need be.

#### Interoperability

- Enables interoperability between platforms or applications for greater market access.
- Allows buyers and sellers to transact no matter what platform or application they use, thus enabling the flow of value.

### Open protocol enables flow of value across e-commerce platforms



The ONDC is a **decentralised network**, hence its success depends upon the participation and adoption by a wide range of participants.

2

## Network Participants

While **network participants** can be from a broad spectrum of domains ranging from retail, logistics service providers, restaurants, hotels, etc., they may be **broadly classified into the following two categories:**



**Buyer(s)**



**Seller(s)**

- Network participants include those with varying scales of operations and technological ability, thus **covering large e-commerce platforms, small and medium start-ups, and enterprises.**
- Covers all **B2B and B2C players** in the e-commerce value chain.
- These participants **make their products available** over the network or enable other entities to make their products and services available (for instance, sellers on Amazon automatically get integrated on the ONDC when Amazon adopts it).
- The **unbundling of digital commerce** also provides an opportunity for innovation by technology service providers.

**Network participants can play the role of both buyers and sellers.**

- E.g. a marketplace with retailers can act as seller-side participants in the retail domain but can also act as a buyer-side participants in the logistics domain for digital retail transactions.



The network is built on a **minimalistic, non-restrictive policy framework** to promote transparent, inclusive, and sustainable practices.

### 3 Data and Network Policies

- The ONDC protocol establishes policy guide rails to preserve decorum around how the participating platforms do business and how the network assures data protection.
- These regulations or guidelines are programmed into the transaction protocol to safeguard the network's integrity and foster trust, deterring improper behaviour and acts.
  - The ONDC also serves as a facilitator to settle conflicts among members by providing an online dispute resolution framework.

#### Network Policies

- The ONDC in consultation with network participants is developing rules and code of conduct for all activities on the network starting from implementation to run-time.
- These rules will be published as Network Policy and get continuously updated as the network evolves.
- These rules cover areas like implementation, registration, subscription, transaction, payment, data transmission, and communication.

#### Data Policies

- In order to ensure secure data sharing, the ONDC is establishing a data policy with an adaptable legal, institutional, and technological architecture as digital commerce will involve the exchange and transmission of data for transactions.
- Transaction data will reside only with the buyer and seller applications.
- The ONDC will not be storing or viewing transaction data.



# GOVERNANCE AND IMPLEMENTATION OF ONDC

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**The ONDC company, similar to other national facilitating organisations (NFO), is set up for the governance of the network; 20 investors have already confirmed investments in the company.**

### ONDC Company

- The Open Network for Digital Commerce entity has been set up to institutionally support the ONDC network, build the technology and take quick business decisions in response to dynamic digital landscapes.
- ONDC was incorporated on 30th December 2021 as a Section 8 (not for profit) company.
- Financial independence has been granted to the ONDC to ensure independent and hassle-free management.
- It is required to get its own funding and have a self-sustaining financial model (e.g. levy user charges for services) that takes care of operations and investments required.
- The company is majorly owned by private sector institutions to lend it flexibility.

### ONDC company supported by early investors

*Twenty government and private organisations have confirmed investments worth INR 2.55 billion (ONDC Strategy Paper, 2022). Some of them are:*

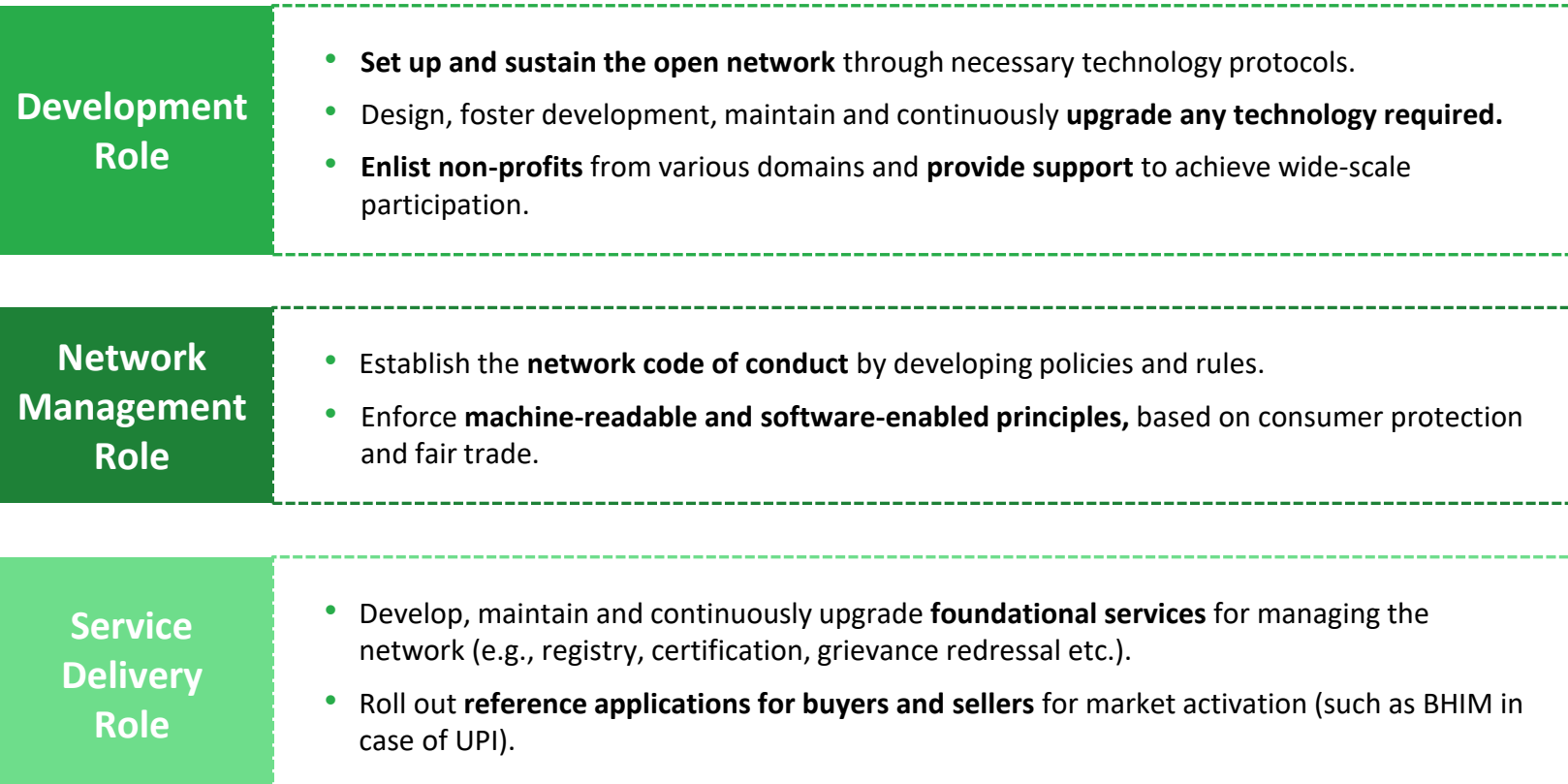


#### Other similar NFOs that have been set up for stacks include:

- National Payments Corporation for India for UPI India Stack.
- Account aggregators like Sahamati for Consent Manager.
- CredAll for Open Credit Enablement Network (OCEN) i.e. digital lending.



The company's responsibilities include maintenance and upgradation of technology, establishing the network's code of conduct, rolling out reference applications, and others.



The government has set up an **Advisory Council** to analyse the potential of the ONDC as a concept, and to advise on measures needed to design and accelerate the adoption of the ONDC.

### Current members of the Advisory Council



**Nandan M. Nilekani**  
Non-Executive Chairperson,  
Infosys



**Arvind Gupta**  
Co-founder and Head,  
Digital India Foundation



**R.S. Sharma**  
CEO,  
National Health Authority



**Dilip Asbe**  
Managing Director and CEO,  
National Payments Corporation  
of India



**Anil Agrawal, IPS**  
Additional Secretary,  
Dept of Promotion of Industry and  
Internal Trade, Ministry of  
Commerce and Industry, GoI



**Kumar Rajagopalan**  
CEO,  
Retailers Association of India



**Adil Zainulbhai**  
Chairperson,  
Quality Council of India and  
Capacity Building Commission



**Anjali Bansal**  
Founder and Chairperson,  
Avaana Capital



**Suresh Sethi**  
Managing Director and CEO,  
Protean eGov Technologies Ltd.

The Advisory Council has been set up to:

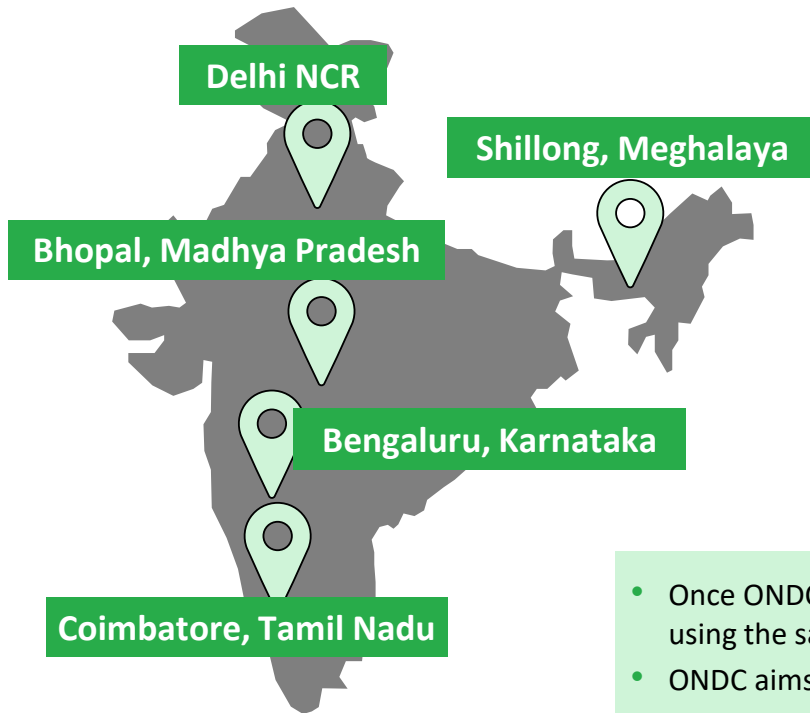
- Facilitate public-private engagement in the digital ecosystem.
- Analyse the ONDC's potential in concept and design.
- Advise the government for improving the ONDC's efficiency and measures to accelerate its adoption.

(ONDC Strategy Paper 2022)



In a **pilot rollout in April 2022**, the ONDC hosted buyers, sellers, logistics providers and payment gateway applications to gain an understanding of its application and areas of improvement.

The ONDC had a **pilot launch on April 29, 2022**, in five cities across India:



Domains currently live on ONDC:



Retail



Logistics

**Around 80 firms are currently working with the ONDC**

and are at different levels of integration. These companies are making applications for sellers, buyers, logistics and payment gateways on top of the ONDC.

**GOFRUGAL**  
Experience simplicity

**eSamudaay**

**GrowthFalcons**

**sellerapp**

are part of the current phase and are working with the sellers to integrate their business with the ONDC.

- Once ONDC gets implemented and mandated, as is expected by August 2022, all e-commerce companies will have to operate using the same processes.
- ONDC aims to cover 100 Indian cities by the end of the year.
- It would focus on applications in regional languages for both buyers and sellers to reach small merchants and rural consumers.

Source: Inc42, Economic Times

Several public and private players are integrating with the network and leveraging one or more of its aspects.

### Public sector partnerships



- ONDC partnered with the National Bank for Agriculture and Rural Development (NABARD) to encourage the agriculture sector, especially Farmer Producer Organisations (FPOs), to utilise the network.
- The network assists farmers in finding the right prices for their produce, having a single market for all agricultural and allied products.



- Supported the Uttar Pradesh government to set up a One District One Product (ODOP) mart on the ONDC platform.

### Private sector partnerships



- Microsoft joined the ONDC to launch a social commerce application to leverage the open network for discovering the best prices to offer.



- Yes Bank is creating a diverse business model to embed itself in the Open Network. It has partnered with SellerApp, a seller-centric intelligence platform, to encourage its base of sellers to adopt ONDC.



- Logistics providers Flipkart's Ekart and Reliance's Dunzo integrated with the ONDC platform.

This data has been updated as of 25 Aug, 2022



# CHALLENGES FOR ONDC

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**Grey areas that the ONDC needs to address include accountability in the event of issues, network commercialisation, and rivalry with discounts offered by e-commerce giants.**

### Challenges facing the ONDC

#### Highly dependent on adoption by sellers

- ONDC requires a clear value proposition to convince sellers to shift from existing satisfactory e-commerce applications.

#### Lack of clarity on accountability in case of complaints

- ONDC provides no clarity on stakeholder accountability in case of queries related to delivery, payment, or return of products.

#### Lack of clarity about monetisation on the network

- There is no clarity about revenue generation on the platform. Although transactions are currently free, they may cost up to 1.5% of the transaction, according to sources (Inc42).

#### Initial market development investments needed by participants

- While marketplaces adopting the ONDC have adequate resources to manage customer service and accountability, individual sellers on the ONDC would be required to make hefty initial investments for the same.

#### Dilemma of multiple carts

- A buyer adds four items with four distinct sellers, each with a different delivery date. While current marketplaces bundle orders to share the same delivery date together, this would be hard to achieve through ONDC, causing inconvenience to customers.

#### Competing with large discounts offered by e-commerce players

- Dynamic real-time pricing by existing players is hard to compete with, for the ONDC.
- Competition with hefty discounts offered based on bundled services by peers.



# ROLE OF THE PHILANTHROPIC SECTOR

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## The philanthropic sector can promote innovation, provide capital to sellers, support government schemes that improve reach and ease of business for small sellers, and creates demand for indigenous products.

### Foster innovation among builders

- Support applications designed for small and rural retailers and buyers, such as low-data applications, user interfaces tailored to India's social and cultural context, and support for multiple local languages.
- Identify solutions that cater to women, a key consumer segment for ecommerce.
- Support organisations that help in creating low-cost product portfolios for small sellers.

### Support local and inclusive business models

- Provide capital for initial technological setup such as digital cataloguing and design software.
- Support technology institutes in developing digital tools for improving efficiency of local artisans and scaling their businesses.
- Build local ecosystems by working with SHGs, FPOs, trade unions etc.
- Provide credit solutions for nano entrepreneurs and MSMEs through innovative financing tools.

### Policy advocacy and ecosystem building

- Provide technical support to the government in building privacy frameworks and safeguards for the ONDC.
- Support large-scale digital literacy programmes for the bottom of the pyramid.
- Conduct true assessment of market demands and advocate inclusive policies.
- Support the government in schemes such as One District One Product, PM Mudra Yojana etc. that enable recognition of MSMEs in the country.

### Raise awareness and create demand for products by small sellers

- Create demand for sustainable and ethical products from artisans.
- Support NGOs that create awareness to increase buyer confidence in online transactions.
- Support training institutes in providing financial and digital literacy and entrepreneurship skills.
- NGOs working in the space, such as those supporting local artisans can provide handholding support for network onboarding and compliance.



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