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# CURRENT AFFAIRS

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## OPEN NETWORK FOR DIGITAL COMMERCE(ONDC)

*This article covers "Daily Current Affairs" and the topic details "ONDC". The topic "ONDC" has relevance in the Agriculture and Food Security section for the UPSC CSE exam.*

### Relevance of ONDC

#### For Prelims:

What is ONDC?

#### For Mains:

What are the Key Objectives of ONDC?

Challenges for ONDC?

### Why in the news?

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Piyush Goyal, says that Open Network for Digital Commerce will democratize the existing ecommerce ecosystem of the country.

### What is ONDC?

**Open Network for Digital Commerce (ONDC)** is an initiative launched by the Government of India to create a common framework for digital commerce platforms. The aim of ONDC is to enable interoperability and enhance the efficiency of digital commerce operations in the country.

ONDC envisions the development of an open, secure, and inclusive digital commerce ecosystem where various stakeholders, including sellers, buyers, logistics providers, and financial institutions, can seamlessly interact and conduct business. It aims to bring together different e-commerce platforms, service providers, and other participants onto a single network, allowing them to exchange information and services in a standardized and secure manner.

### The key objectives of ONDC include:

- **Interoperability:** ONDC aims to establish technical standards and protocols that enable seamless integration and data exchange between different e-commerce platforms, logistics providers, and payment systems. This would allow sellers to reach a wider customer base and facilitate a smoother experience for buyers.
- **Data Empowerment:** The initiative focuses on empowering users by providing them control over their data and facilitating data portability. Users should be able to access and transfer their personal and transactional data across different platforms, promoting competition and fostering trust in the digital commerce ecosystem.

- **Innovation and Entrepreneurship:** ONDC aims to create an environment conducive to innovation and entrepreneurship by providing a level playing field for all participants. It intends to promote fair competition, prevent unfair practices, and enable new players to enter the market easily
- **Consumer Protection:** The initiative emphasizes consumer protection by ensuring transparency, accountability, and data privacy. It aims to establish mechanisms for grievance redressal, dispute resolution, and protection against fraudulent activities in digital commerce.
- **Enhanced Competition:** The open network created by ONDC fosters competition by providing a level playing field for all participants. It allows small and medium-sized enterprises (SMEs) and new players to enter the market more easily, promoting innovation, diversity, and affordability in the digital commerce space. The increased competition benefits consumers by offering them more choices, competitive pricing, and improved services.
- **Efficiency and Cost Reduction:** The standardization and integration facilitated by ONDC improve the efficiency of digital commerce operations. It reduces redundancies, simplifies processes, and minimizes the need for manual interventions. This leads to cost reduction for businesses, streamlining their operations and enabling them to offer competitive pricing and better services to consumers.
- **Digital Inclusion:** ONDC aims to promote digital inclusion by providing a common framework that bridges the gap between various stakeholders. It enables sellers from rural and remote areas to connect with buyers across the country, expanding their market reach and creating opportunities for economic growth. Additionally, by ensuring accessibility and affordability, ONDC aims to bring the benefits of digital commerce to all sections of society, including underserved communities.

Overall, the significance of ONDC lies in its potential to transform the digital commerce landscape by fostering collaboration, competition, data empowerment, consumer protection, and efficiency. It aims to create a more inclusive and dynamic ecosystem that benefits businesses, consumers, and the overall economy.

### Challenges for ONDC?

- **Scalability:** As the network grows and the number of participants increases, it must be able to handle a large volume of transactions simultaneously. Scaling the network while maintaining efficiency and low transaction fees can be a significant challenge.
- **Security:** Ensuring the security of transactions, user data, and digital assets is crucial for any digital commerce network. Open networks are particularly vulnerable to attacks, such as hacking attempts, data breaches, or identity theft. Implementing robust security measures and protocols is essential to protect users and build trust in the network.
- **Regulatory compliance:** Digital commerce networks often operate across different jurisdictions, each with its own regulations and legal requirements. Adhering to these regulations, such as anti-money laundering (AML) and know-your-customer (KYC) laws, can be challenging, especially in a decentralized and open environment.
- **User adoption:** To be successful, an open network for digital commerce needs to attract a critical mass of users and merchants. Convincing users to join and transact on the network can be a significant challenge, particularly if they are already accustomed to established platforms. Offering incentives, a user-friendly experience, and a wide range of products and services can help overcome this challenge.

- **Trust and reputation:** Trust is a critical factor in any digital commerce network. Building trust among participants, both buyers and sellers, is essential for the network's success. Implementing mechanisms to verify the authenticity of participants, address disputes, and maintain a transparent and reliable rating system can help establish trust within the network.
- **Governance and decision-making:** Open networks often rely on decentralized decision-making processes involving network participants. Establishing effective governance models and mechanisms for decision-making, consensus-building, and resolving conflicts can be a challenge. Striking a balance between decentralization and efficient decision-making is crucial.
- **Infrastructure and technical limitations:** The network's infrastructure, including servers, bandwidth, and storage, must be robust and scalable to handle the demands of digital commerce. Additionally, technical limitations such as transaction speed, latency, and network congestion can impact the user experience and adoption of the platform.
- **Competition:** The digital commerce landscape is highly competitive, with established players and emerging startups vying for market share. Overcoming competition and differentiating the open network from existing platforms can be challenging. Offering unique features, value propositions, and a compelling ecosystem can help attract users and merchants.
- **Education and awareness:** Introducing a new open network for digital commerce requires educating users, merchants, and stakeholders about the benefits and functionalities of the platform. Creating awareness and demonstrating the advantages of the open network over traditional systems can be a challenge in itself.

**SOURCE:**  
**PIB**

<https://pib.gov.in/PressReleasePage.aspx?PRID=1926375>

**Q.1 Which of the following statements best describes the Open Network for Digital Commerce (ONDC)?**

- It is an international organization promoting digital commerce standards worldwide.
- It is a government initiative in India to enhance interoperability and efficiency in digital commerce.
- It is a non-profit organization providing financial support to small businesses in the digital commerce sector.
- It is a technology platform facilitating secure communication between e-commerce platforms and customers.

**Answer:(b)**

**Q.2 Which of the following initiatives aims to revolutionize India's digital logistics ecosystem by integrating multiple stakeholders, optimizing supply chain efficiency, and enhancing transparency?**

- Project Sagarmala
- Bharatmala Pariyojana
- National Freight Corridor Development Project
- One Nation One Digital Platform (ONDC)

**Answer:(d)**

**Q.3 Discuss the Open Network for Digital Commerce (ONDC) initiative in India and its significance in fostering a competitive and inclusive digital commerce ecosystem.**

**(15 marks)**

**Rishabh**



**Yojna IAS**

योजना है तो सफलता है