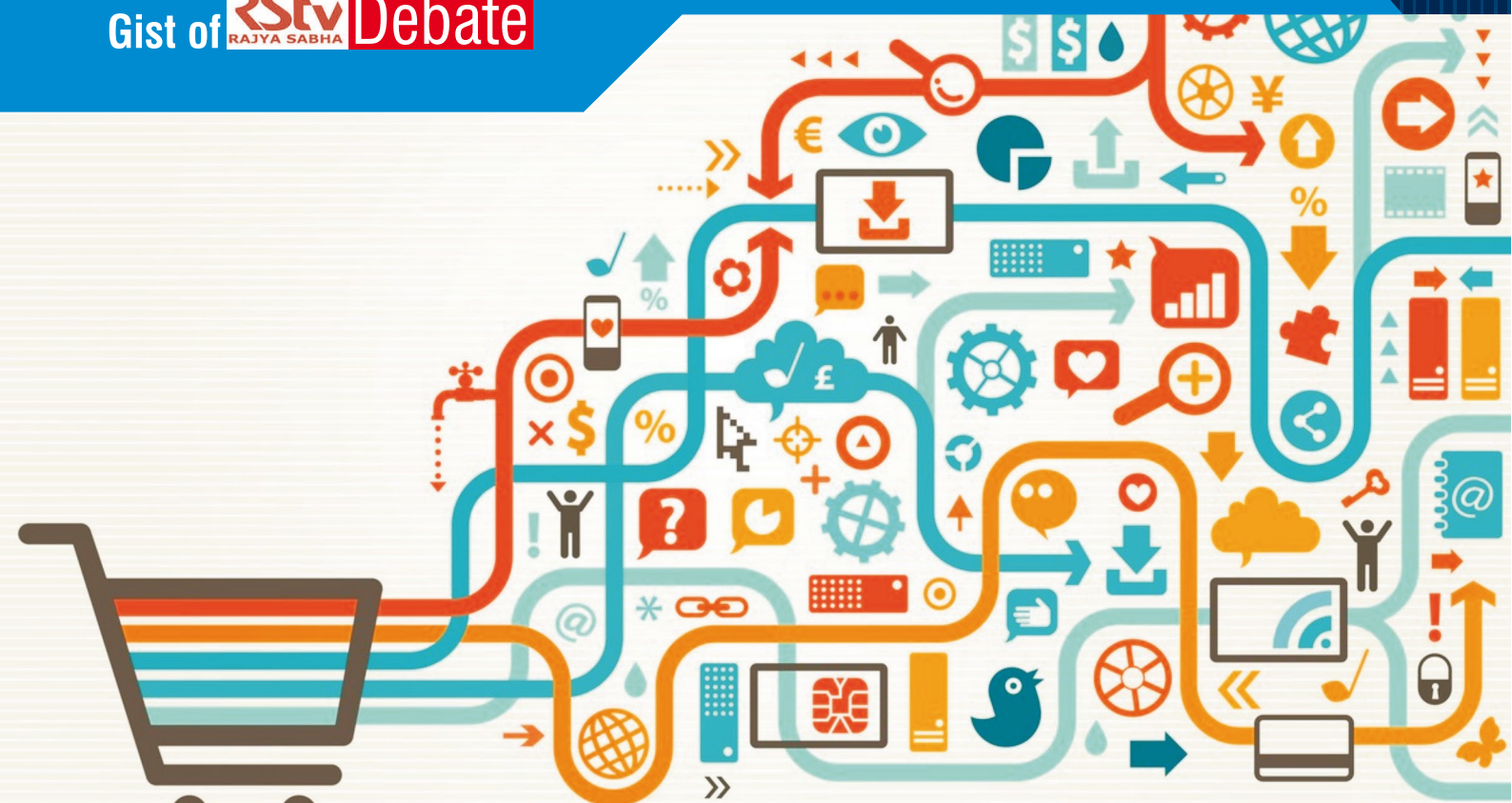


OPEN NETWORK FOR DIGITAL COMMERCE

Gist of RStv Debate



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OPEN NETWORK FOR DIGITAL COMMERCE

INTRODUCTION

- Moving ahead with its plans to make e-commerce processes open source and curbing digital monopolies, the Department for Promotion of Industry and Internal Trade (DPIIT) appointed an advisory council to design and accelerate the adoption of open network for digital commerce.
 - ▶ The nine-member panel includes National Health Authority CEO RS Sharma, Infosys non-executive chairman Nandan Nilekani, Quality Council of India Chairman Adil Zainulbhai, Co-founder & Head of Digital India Foundation Arvind Gupta, and MD & CEO of National Payments Corporation of India Dilip Asbe among others.
- The move by the government is the latest in a series of changes announced or being planned to be rolled out by the government for the e-commerce sector.
- In this brief, we will discuss the following aspects:
 - ▶ What changes will the open network for digital commerce bring about?
 - ▶ What are its aims and objectives?
 - ▶ How significant a move it is towards streamlining the country's e-commerce ecosystem?

EDITED EXCERPTS FROM THE DEBATE



What is meant by 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.
- An open-source project means that anybody is free to use, study, modify and distribute the project for any purpose.

- These permissions are enforced through an open-source license easing adoption and facilitating collaboration.
- For example,
 - Closed-source: The operating system of Apple's iPhones — iOS — is closed source, meaning it cannot be legally modified or reverse engineered.
 - Open-source: Google's Android operating system is open-source, and therefore it is possible by smartphone OEMs such as Samsung, Xiaomi, OnePlus, etc to modify it for their hardware.

Example

- Ram is a small retailer and want to showcase his products to multiple platforms for which he have to currently work with individual platforms or use various methods to showcase products.
- With ONDC, it is possible he can expose products on various platforms at the same time.
- If someone is searching let's say a Blue t-shirt, the network can show multiple sellers with the same product because everybody is using an easily understandable protocol of ONDC.
- So, retailers would benefit from visibility, reach, ability to connect with customers faster and in a much cheaper way.



What processes are expecting to be open-sourced with this project?

- Through the **open network for digital commerce – ONDC** - the government is looking to standardize protocols for onboarding stakeholders such as sellers on e-marketplaces.
- The project is a step in the direction of making e-commerce processes open source, thus creating a platform that can be utilized by all online retailers.
- The following operational aspects could be made open source on the lines of **Unified Payments Interface (UPI)**:
 - onboarding of sellers
 - vendor discovery
 - price discovery and product cataloguing

Unified Payments Interface (UPI)

- Unified Payments Interface (UPI) is a platform operated by India's Reserve Bank which enables real-time payments among banks and payment schemes like Google Pay.
- The UPI was advanced as a way of improving access to banking services.
- The ONDC has been pitched as easing access to e-commerce services for India's myriad small businesses.



Who will handle the project?

- The project to integrate e-commerce platforms through a network based on open-source technology independent of any single or unique e-commerce platform has been tasked to the Quality Council of India.

The current system

- Currently, different e-marketplaces have different set of rules, which at times make it difficult for small traders and suppliers to adopt.



How significant a move it is towards streamlining the country's e-commerce ecosystem?

- **Curb on monopoly:** The move is aimed at curbing "digital monopolies".
- **Boost to retailers:** If the ONDC gets implemented and mandated, it would mean that all e-commerce companies will have to operate using the same processes. This could give a huge booster shot to smaller online retailers and new entrants.
- **Promoting independency:** The move will promote open networks developed on open-sourced methodology, using open specifications and open network protocols, independent on any specific platform.
- **Improved ecosystem:** ONDC is expected to digitize the entire value chain, standardize operations, promote inclusion of suppliers, derive efficiency in logistics and enhance value for consumers.

CONCLUSION

eCommerce markets work in silos, with each eCommerce platform connecting only its own merchants and customers to each other. ONDC will integrate these closed ecommerce ecosystems and allow each player to be discoverable to a wider market.

VALUE ADDITION

What is meant by digital monopoly?

- Digital monopolies refer to a scenario wherein e-commerce giants or Big Tech companies tend to dominate and flout **competition law** pertaining to **monopoly**.
- The giants have built their own proprietary platforms for operations.
- In March, India moved to shake up digital monopolies in the **country's \$ 1+ trillion retail market** by making public a draft of a code of conduct -- **Draft Ecommerce Policy**.

Quality Council of India

- The task of implementing DPIIT's ONDC project has been assigned to the **Quality Council of India (QCI)**.

- QCI was set up in 1997 by the government of India jointly with **Indian industry** (represented by **CII**, **FICCI** and **ASSOCHAM**) as an autonomous body under the administrative control of the department.
- QCI establishes and operates the National Accreditation Structure for conformity assessment bodies; providing accreditation in the field of education, health and quality promotion.



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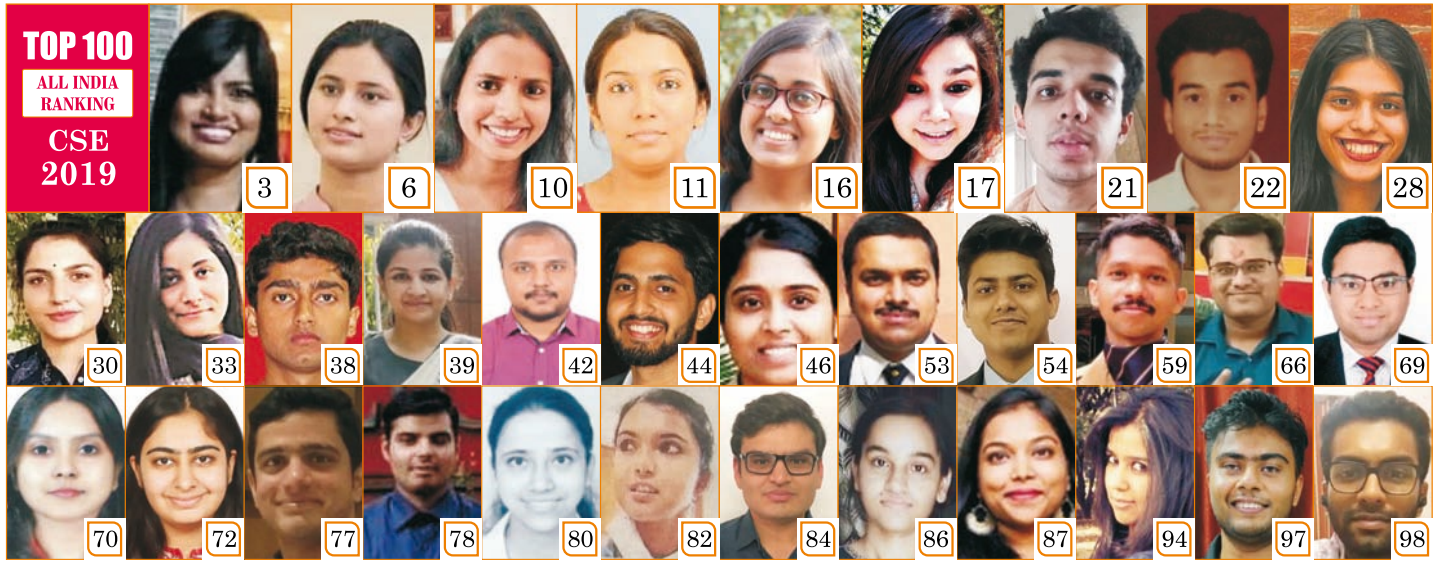
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