

# Demystifying ONDC: Open Network for Everyone's Commerce

<h2>Understanding ONDC</h2>	<b>Stands for</b> Open Network for Digital Commerce	<b>Initiative by</b> Government of India
<h2>What does it do?</h2>	An <b>open network</b> for digital commerce.  Local shops & big brands connect directly with customers	Open network for seamless transactions.  Free from platform limitations.

## Ownership of ONDC

**Led by**  
Department of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry + India's leading banks (State Bank of India, Axis Bank, Kotak Mahindra Bank, HDFC Bank, ICICI Bank and Punjab National Bank, among others)

**Conceptualized by**  
**Quality Council of India**  
Incorporated as – a **Section 8 Private Limited Company** under the Companies Act, 2013 on December 30, 2021

**Advisory Council**  
**Chairman of Advisory Council – Piyush Goyal,**  
Union Commerce Minister

1. R.S. Sharma, CEO, National Health Authority,
2. Nandan M. Nilekani, non-executive Chairman, Infosys
3. Anjali Bansal, Founder & Chairperson, Avaana Capital

**10 other members**

**Ownership**  
<https://www.moneycontrol.com/news/economy/policy/indias-ondc-is-one-year-old-heres-a-status-check-10377911.html>

**5 year aim**  
<https://ondc.org/learn-about-ondc/>

## Problems it aims to solve

“ There is a need to alter the current digital commerce approach of “scaling what works” to a new approach of “what works at scale”. – ONDC Strategy Paper

- 1 Limited competition for new sellers due to large existing platforms.
- 2 Concentration risk with big players having too much power.
- 3 Seller reputation not portable between platforms.
- 4 Sellers struggle managing multiple platforms.
- 5 Difficulty for buyers and sellers to find each other.

## Potential Benefits Expected from ONDC

Sellers	Buyers	Platforms
<ul style="list-style-type: none"> <li>• Wider reach</li> <li>• Discoverability</li> <li>• Control</li> <li>• Lower costs</li> <li>• Logistics flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• More sellers</li> <li>• Faster delivery</li> <li>• Better experience</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Market growth</li> <li>• Faster scaling</li> <li>• Specialization</li> </ul>

## What is ONDC's aim for the next 5 years?

<b>₹3.75 L.Cr</b> Additional Gross Merchandising Value	<b>₹90 Cr</b> Buyers on the Network
<b>₹7.30 Cr</b> Additional Annual Purchases enabled by the network	<b>₹12 L</b> Sellers on the Network  <b>Enhanced</b> Pincode Coverage