

IMPACT OF OPEN NETWORK FOR DIGITAL COMMERCE (ONDC) ON ENTREPRENEURSHIP IN INDIA

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ABSTRACT

The Aatmanirbhar Bharat movement gave a huge opportunity to Indian entrepreneurs to contribute to GDP by providing E-commerce credit to customers and bringing more inclusiveness, and sustainability to the consumer digital economy. The Department for Promotion of Industry & Internal Trade of the Government of India founded the private, nonprofit firm Open Network for Digital Commerce to create open networks for e-commerce. India's e-commerce environment is anticipated to change as a result of the government-imposed Open Network Digital Commerce (ONDC) platform. Customers and sellers will be able to interact and transact online independently of the app or platform they are using. Those players' interests must be safeguarded in a country like India, where small retail firms control more than 80 percent of the retail segment. As a measure, the Indian government developed a new concept called Open Network for Digital Commerce (ONDC) to protect merchants and buyers. This platform seeks to provide new opportunities, restrain digital monopolies, and assist single proprietors, micro, small, and medium-sized businesses, and other smaller businesses in joining online marketplaces. The purpose of this paper is to illustrate the implications and impact that ONDC provides to MSMEs—Micro, Small, and Medium Sized Enterprise, while simultaneously posing a challenge to the major e-Commerce players yet an advantageous platform to all digital businesses.

Keywords: Aatmanirbhar, Network, Digital and Bharat.

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I. Introduction

The Department for Promotion of Industry & Internal Trade of the Government of India founded the private, nonprofit firm Open Network for Digital Commerce to create open networks for e-commerce. India's e-commerce environment is anticipated to change as a result of the government-imposed Open Network Digital Commerce (ONDC) platform. ONDC is expected to digitize the entire value chain, standardize operations, foster inclusion of suppliers, usher in efficiency in logistics, and augment value for consumers. Once the ONDC gets implemented and mandated, as is expected by August 2022, all e-commerce companies in India will have to operate using the same processes, akin to android-based mobile devices, irrespective of the brand. The Aatmanirbhar Bharat movement gave a huge opportunity to Indian entrepreneurs to contribute to GDP by providing E-commerce credit to customers and bringing more inclusiveness, and sustainability to the consumer digital economy.

This would provide a boost to smaller online retailers as well as new entrants by ushering in discoverability, interoperability, and inclusivity. It will empower suppliers and consumers by breaking the monopoly of giant platforms to drive innovation and transform businesses in sectors like retail, food, and mobility. On December 31, 2021, ONDC was incorporated as a private sector, non-profit (Section-8) company to democratize e-commerce in India and offer alternatives to proprietary e-commerce sites. ONDC was incubated by the Department for Promotion of Industry and Internal Trade (DPIIT) at the Quality Council of India. A nine-member advisory council, including Nandan Nilekani from Infosys and National Health Authority CEO RS Sharma, have counseled the government on the measures required to design and accelerate the adoption of ONDC.

Now in its pilot phase, ONDC has been rolled out in five cities – Delhi NCR, Bengaluru, Bhopal, Shilling, and Coimbatore. While operations are presently focused on retail and restaurants and facilitating real-time transactions, the open network will extend to other categories like travel and mobility. Based on the pilot exercise and after the network stabilizes, ONDC will be expanded to 100 cities and towns across India by October 2022. The goal is to accommodate 30 million sellers and 10 million merchants online.

Digital commerce is here to stay and is en route to taking over as the main method by which most people shop. By 2023, e-commerce is expected to account for 22% of all retail sales. This number is expected to grow significantly with the addition of 37 crore Generation-Z consumers by 2030, who have grown up in an India with ubiquitous internet, smartphones, digital media, and digital consumption platforms. Online shopping may be influenced by COVID-19; however, the trend existed long before the pandemic. Digital commerce provides convenience and other benefits over traditional retail outlets, such as 24/7 access and the absence of traffic, parking, or crowds. These traditional retail outlets are mostly MSMEs which are assisted through ONDC to leverage their businesses creating a huge impact in the market. The aim of ONDC is to create new opportunities, decrease digital monopolies, as well as enable micro, small, and medium-sized businesses and small traders by making them online.

II. OBJECTIVES

- To Evangelizing Digital Commerce in India.
- To understand the implications of ONDC platform in India.
- E-commerce start-up promoting Micro, Small and Medium Digital Enterprises
- To impact of ONDC in entrepreneurship scoter.

III. Evangelizing Digital Commerce in India

ONDC initiative will support the transformation of the ₹2.85 Lakh Crores (USD 38 Billion) Indian digital commerce market by revolutionizing and democratizing large-scale participation. The envisioned aspirations of ONDC include:

- Enable local retail ecosystems to access and fulfill online demand.
- Enable easy participation in the digital commerce coverage to all the businesses irrespective of size, location, digital quotient, etc.
- Expand the digital commerce landscape in India by amplifying geographic and socio-economic coverage
- Formalize businesses by creating active digital history and enable easier access to finance options
- Economic development and livelihood creation opportunities across the digital commerce value chain i.e., logistics, packaging, final-mile delivery, etc.
- Enable increased trade of locally manufactured goods in India, thereby multiplying investment and production of MSMEs.
- Reduce overhead costs like acquisition costs and the cost of a digital presence as well as inventory costs across all Indian businesses to improve efficiency. With a focus on the aforementioned goals in mind, ONDC will work to increase the market potential of digital commerce in retail. This will result in an increase in the investment and production of MSMEs and a rise in the trade of locally manufactured goods in India

IV. Implications of ONDC Platform in India

1. There is no proper mechanism for liability of network participants against consumer complaints - Without a clear framework for liability; it can be difficult for consumers to seek redressed when they face issues such as fraud, defective products, or non-delivery of goods.
2. Third party audit policy is not clear - Third-party audits are an important aspect of any digital ecosystem, as they provide an independent assessment of the security and reliability of the network. In the context of ONDC, third-party audits can help to identify vulnerabilities and gaps in the system, and provide recommendations for improvements.
3. The search algorithms in the Open Network for Digital Commerce (ONDC) in India are likely to be complex, given the scale and diversity of the network.
4. Large number of promoters could lead to clash of individual objectives - Promoters in ONDC could include buyers, sellers, service providers, and intermediaries, each of whom may have their own goals and objectives.
5. The presence of a large number of promoters in the Open Network for Digital Commerce (ONDC) in India can potentially lead to a clash of individual objectives and priorities, which could create challenges for the functioning of the network.
6. However, the collection and use of customer data is subject to strict regulations and guidelines, aimed at protecting the privacy and confidentiality of personal information. To address this challenge, ONDC will need to establish robust data protection and privacy policies, in line with national and international standards.
7. Online dispute resolution will be handled by third party - However, relying on third-party providers for dispute resolution can also create challenges, particularly in terms of transparency and accountability. To address these challenges, ONDC will need to establish clear guidelines and rules for the selection, qualification, and performance of third-party providers of online dispute resolution.

V. To Promoting Micro, Small and Medium Digital Enterprises

E-commerce start-ups drive small businesses to scale-up the business by providing assistance in setting up websites, inventory management, payment system, managing account and ledger, branding and online marketing platform. An overall shopping experience for reaching the large target audience of the small-medium business of Tier II and beyond due to the advent of high growth in technology adoption helps prosperity for e-commerce start-up and they are developing an internet consumer ecosystem focusing Small-medium business to create digital brand stores, B2B, B2C, C2C, D2C Social Commerce, Cross Border E-commerce, White labels to the SMEs. E-commerce adoption, especially the application of ICT in business developments, can link social and economic progress between SMEs and their customers to growth and potential for business stability of SMEs. E-commerce has expanding into new business lines and impendance to Environment, Social and Governance (ESG) in E-commerce segments.

VI. To impact of ONDC Entrepreneurship

The following impact of Entrepreneurship Sector

- Although the Unified Payments Interface (UPI) is on track to surpass the \$100 trillion mark, the Open Network for Digital Commerce (ONDC) for hyper local transactions is a ministry of commerce program that can spread the advantages of digitization to a much wider audience.
- The present focus is on empowering local sellers, who now have less influence over disputes on proprietary platforms. This will significantly alter how micro, small, and medium sized firms (MSMEs) conduct business and contribute to GDP growth. Among the existing users of the network are Paytm, Dunzo, eSamudaay, and others. It will enable the hyper-localization of small businesses and micro, small, and medium-sized companies (MSMEs).
- The platform will enable the display of products from all participating e-commerce businesses in search results across all networked apps. As a result, MSMEs can advertise their goods on the platform at a lesser price without there being any distinction between large and small dealers. Currently, ONDC has a large number of participants, including vendors like Bizom, Digiit, Enstore, eSamudaay, Growth Falcons, etc., buyers like Craftsvilla, Paytm, IDFC, Kotak, etc., and logistics operators like Delhivery, Dunzo, Grab, LoadShare, and Shiprocket. When a customer looks for a product on one of the buyers' applications, like Paytm, the ONDC platform connects the customer to listed sellers who display retailers from which the customer may make a purchase.
- The government's action shows that it is providing an open network protocol that enables any network enabled application to find and engage in location aware local commerce across industries. Small business owners and MSMEs aiming to scale their operations through digital commerce will benefit the most from this.
- This will be a ground-breaking effort to level the playing field for digital trade on the size of a nation like India. Overall, it will support fair trade and provide small, independent business owners more control as they will once again be able to engage with their clients directly and won't be separated from them by an intermediary barrier.
- With ONDC, trust portability is advantageous. Consider a decent taxi firm that provides excellent customer service but lacks brand recognition due to its dependence on aggregator apps like Uber or Ola. By enabling a taxi fleet company like this to be seen by many more potential clients, ONDC hopes to change this and raise the trustworthiness of small and independent brands and services.
- This network in Bengaluru began its beta testing phase with small shops from 16 different pin codes. The ONDC, which is built on open specifications, would increase the e-commerce scale of small businesses and weaken the power of major firms like Amazon and Walmart-backed Flipkart.

VII. Conclusion

This paper analyses ONDC for implications in E-Commerce platform and Entrepreneurship firms to understanding major impacts and developing in current trends in India. The Department for Promotion of Industry & Internal Trade of the Government of India founded the private, nonprofit firm Open Network for Digital Commerce to create open networks for e-commerce. India's e-commerce environment is anticipated to change as a result of the government-imposed Open Network Digital Commerce (ONDC) platform. Customers and sellers will be able to interact and transact online independently of the app or platform they are using. Those players' interests must be safeguarded in a country like India, where small retail firms control more than 80 percent of the retail segment. As a measure, the Indian government developed a new concept called Open Network for Digital Commerce (ONDC) to protect merchants and buyers. This platform seeks to provide new opportunities, restrain digital monopolies, and assist single proprietors, micro, small, and medium-sized businesses, and other smaller businesses in joining online marketplaces. This paper analysis of the illustrate the implications and impact that ONDC provides to MSMEs—Micro, Small, and Medium Sized Enterprise, while simultaneously posing a challenge to the major e-Commerce players yet an advantageous platform to all digital businesses. As a measure, the Indian government developed a new concept called Open Network for Digital Commerce (ONDC) to protect merchants and buyers. When it comes to online shopping, this ONDC architecture is going to have a significant impact.

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