

Will ONDC rule over Amazon or Flipkart?

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ONDC (Open Network for Digital Commerce) is the new initiative launched by the government of India in 2021. The organization wants to help Indian e-commerce sellers succeed and improve. Since 2016, Amazon has consistently stayed in second place among India's e-commerce websites. According to position, Flipkart is the number one e-commerce site in India. The presence of imperfect competition in the highest level of the industry has influenced Indian e-commerce in different ways. The good side is that consumers loved the services, many of which were earned by selling or from affiliate programs. But the bad side is, the sellers have to give a very high commission to the duopoly.

There was no brand recognition, and full dependency on the platforms. With all these and many other e-commerce business problems, ONDC was launched. Let's understand how.

What is ONDC?

ONDC or Open Network for Digital Commerce aims to create an open-source network where buyers and sellers can connect and transact across multiple platforms, just like UPI can work on every digital payment app.

This initiative was launched by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry of the Government of India.

The main motive of the government bodies is to unbundle the e-commerce ecosystem. This reduces the dependency on the platform, and the sellers can create their own brand identity, get customer data, and increase their market

share. There are a lot more advantages of ONDC that have revolutionized digital shopping.

What are the advantages of ONDC?

Any market operates on two main parties, one is the buyer and the other is the seller. The advantages of them don't attract, but they ripple. Let's start with the advantages of sellers. So if you're a seller, then stick to this page, and if you're a buyer, scroll down a bit, surprises are waiting for you.

What are the advantages of sellers from ONDC?

1) Lower commission fees

In the big e-commerce platforms like Amazon and Flipkart, a seller has to pay a commission of around 45%. This commission rate increases the price of the product too high, in comparison to the offline Indian market. As a result, buyers disappeared, no sales push the seller down, where the algorithm is the main thing to get sales in the online platform. This demotivates a lot of the sellers.

ONDC solves the commission problem of e-commerce platforms. The commission charge is too low in comparison to other digital shopping platforms. It's just about 5-10%. This will boost small businesses to operate digitally. This will contribute towards the growth of India.

2) No algorithm manipulation

In many e-commerce platforms, the ranking system prevents the seller from taking a big leap to grow their business. In India, being a developing country, many businesses don't have the huge capital to invest in their business.

The sellers who run ads with a high budget or those who have higher warehousing deals will get a higher rank on the search page on those e-commerce platforms.

To solve this ranking problem of e-commerce platforms, ONDC has equalized the discovery of sellers. A local kirana store may appear beside a national branded company.

3) Direct access to customers

The situation worsens day by day, initially the seller couldn't rank high, they spend a ton of money, they got customers, and when they try to leave the platform and bring the customers to their website, they couldn't because the biggest drawbacks of e-commerce platform like Amazon and Flipkart is that they don't let the sellers prepare their own customer database. Soon, they found themselves in the loop.

ONDC helps to prepare the customer database. They support sellers in developing their own databases with permission from customers. This helps to promote the brand to a much advance level.

What are the advantages of buyers from ONDC?

1) More competitive pricing

Here, the buyer can find the most affordable options for their wishlist. As sellers don't have to pay high commission to ONDC, they will offer the product at a fair price compared to the offline Indian market.

2) Hyperlocal discovery

ONDC integrates local businesses like restaurants, grocery stores, pharmacies, etc, giving buyers access to nearby shops instead of warehouses far away.

3) Multiple app interfaces

The buyer can shop from any ONDC-connected app. The choice isn't locked to any app or website.

How does ONDC work?

To understand how ONDC works in the simplest way, let's take an example.

- 1) You watched a commercial ad of a phone and you really like the phone
- 2) You decided to buy
- 3) Usually, you visit the e-commerce platforms like Amazon or Flipkart, but this time you open an app connected to ONDC, let's say PhonePe
- 4) There's an option named "pincode", when you enter there, a vast variety of items pop up on your screen

- 5) All types of sellers are there, like a mobile shop in Delhi, a seller from Bangalore, a brand like Samsung, and even a nearby electronic store.
- 6) After doom-scrolling, when you finally like the seller, you place the order
- 7) ONDC sends your order request to the seller
- 8) Seller pack the order and hand it over to the delivery partner
- 9) The delivery partner gives your phone into your hand
- 10) And it brings a smile to your pretty face.

This is the process how ONDC works. Now let's have a look at how many apps are connected with ONDC.

How many apps or websites are connected with ONDC?

If you're a buyer, these are the apps that are connected with ONDC to grab wonderful deals:

- Paytm
- PhonePe's Pincode
- Magicpin
- Craftsvilla
- Mystore
- Novopay
- NStore Technologies
- Spice Money
- NoBrokerHood
- Ola

If you're a seller, these are the apps that are connected with ONDC to buy raw materials at a cheaper rate:

- Snapdeal
- Meesho
- Bitsila
- GoFrugal

- GrowthFalcons
- Digiit
- UdyamWell
- EasyPay
- SellerApp

If you're a logistics provider, these are the apps that are connected with ONDC to ensure efficient product delivery:

- Delhivery
- Dunzo
- LoadShare
- Shiprocket
- Shadowfax
- Grab

If your favourite app is not listed here, then there is a gift waiting for you. Just read further.

Will ONDC break Amazon and Flipkart's monopoly?

ONDC was launched in 2021, Amazon came to India in 2013, and Flipkart started its operation in 2007.

It'd be wrong to say, ONDC will take over Amazon and Flipkart like big e-commerce platforms overnight. But eventually it'll definitely rule over those duopolies.

Why? Because ONDC is helps in the growth for the both buyer and seller. Moreover, ONDC is indirectly helping business to grow, making their own brand, expanding domestic market share before going for international market.

Another big question is when? It depends on various factors:

- Awareness and Marketing: The more ONDC promotes its brand, the more people will be aware that such an option exists, and the more quickly ONDC will rule over the duopoly.
- User Experience: Since it's a newly launched program, it needs a lot more improvement to make an easy, user-friendly experience.

- Volunteering or training: Since ONDC doesn't operate like an app or website, small businesses that are not tech-savvy require training to understand and avail the benefits, just like other government schemes.
- Building Brand: The customers who are loyal towards the brand identity of the big duopoly, require a solid reason to switch the alternative.

The day ONDC gain a solid catch in these areas, that day ONDC will break Amazon and Flipkart's monopoly.

A product that is made in India, for India.