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## GUIDANCE NOTE FOR EDGE CASE RESOLUTION

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### Guidance for Network Participants to resolve edge-cases in refunds, returns and cancellations of Product Sales to buyers

#### **Introduction:**

There are some specific scenarios in relation to refunds/returns/cancellations (“edge-cases”) which are complicated in the context of ONDC's unbundled architecture, as compared to a centralised platform, and may result in disputes. The commercial arrangements and processes in such edge-cases need to be settled to have clarity in Network operations. These edge cases either aren't specifically governed through a law or ONDC policy, and in some cases should not be dictated from the top-down. Therefore, ONDC held a workshop to generate a consensus among Network Participants (NPs) on how to treat these edge-cases.

This document attempts to highlight the various edge-cases that may potentially result in disputes and summarizes discussions of ‘Industry Consultation Workshop’ to resolve such issues in an unbundled, network-based eCommerce ecosystem. Further to highlight, the edge cases covered in this document are specifically focussed on product based ecommerce fulfillment scenarios and does not cover digital sales of services to end buyers.

The Process and Cost Implication suggestions made in each of the cases listed below may be regarded as a broad framework and prescriptive within which these and similar cases may be resolved to minimise disputes. The suggestions made in the document may not be the only ways to resolve these and other disputes and the Network Participants may choose alternate ways of dispute resolution in such scenarios.

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In the event that either party is not satisfied with the basis of conclusion by the other party then it may proceed for Grievance/Dispute Resolution under ONDC's Issue and Grievance Management Framework.

### **General Principles:**

The Consultation Group agreed on the following general principles:

- i. Building of information required to handle such cases to the extent possible in transaction contracts in a clear, accurate and conspicuous manner to reduce disputes. Summary document mentions some of such information areas to enable edge case-handling.
- ii. Various entities involved in transactions should attempt to make information available to other parties at the earliest to encourage near real-time resolution of issues related to such edge cases.
- iii. In case of a fully refunded transaction, no network participant including ONDC will earn any transaction commissions/ fees.
- iv. Wherever applicable, refund to the buyer, if any, will be processed by the Buyer App.
- v. Buyer Apps and Seller Apps should define turnaround time ("TAT") for various responses required (e.g., response from Seller App to Buyer App on buyer return request).
- vi. Where Buyer App proceeds in favour of the buyer as an exception to the terms of the transaction level contract then it is mostly a cost of buyer experience to be borne by it.

### **General Suggestions:**

Consultation group suggested the following to reduce costs related to damage of the products during transit:

- i. Seller Apps should provide packaging guidelines to the seller based on the category and value of products and should ensure that sellers adhere to the defined packaging guidelines.
- ii. Packaging by Seller and Product Damages should be included as matrix for rating to define reputation of Sellers and Logistics Providers respectively.
- iii. Seller App/ Seller should opt for product insurance, basis the product category and value, to cover the risks related to product cost in case of product damage. This becomes even more important since Logistics Providers (LPs) may restrict compensation for damage through Limitation of Liability clauses in agreement (To be included as part of the Logistics Transaction Level contract).

### Case 1: Return to Origin (RTO)

- Buyer initiates order-cancellation post pick-up (shipment) from base / store location **OR**
- Buyer refuses to accept delivery of the order at his doorstep
- Product is returned to the Seller without any loss or damage to the product or packaging

#### Activity Flow:



#### Consultation group suggested that costs incidence be addressed as follows:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	Scenario1: Non -returnable products	Seller App may recover from Buyer App*
	Scenario2: Returnable products	Seller App/Seller
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app	Seller App/Seller

\* If the delivery attempt has happened within the delivery timeline committed to the buyer, then the Seller App may recover the cost from the Buyer App.

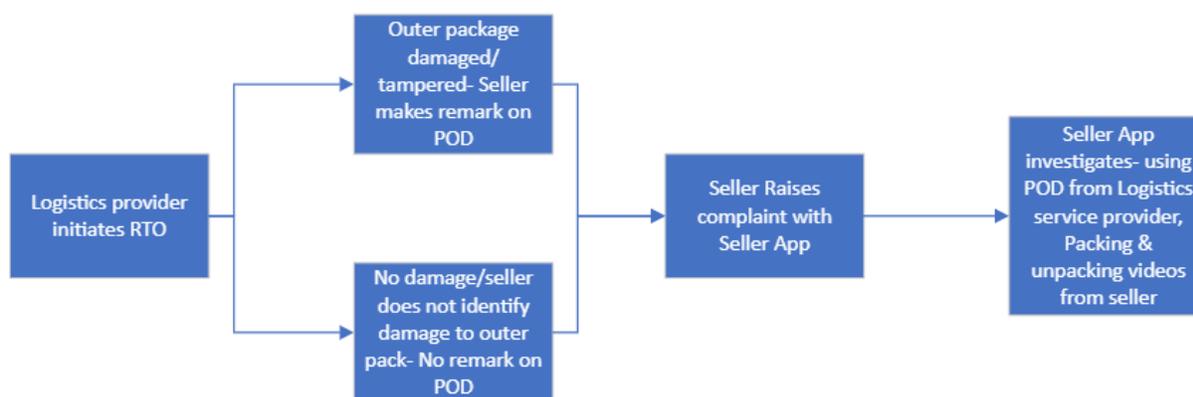
#### Consultation group suggested that from a process standpoint:

- Post pickup cancellation may not be allowed on the Buyer App to avoid Refund without RTO and minimize no. of RTOs as buyers may still choose to accept on actual delivery attempt.
- RTO logistics cost should be pre-agreed as part of the Transaction Level contract between Logistics Buyer and Logistics Seller.

### Case 2: Return To Origin (RTO) – Damaged /Tampered/Incomplete Product

- Buyer initiated cancellation post order pickup from base location/ store location (pre delivery) **OR** Buyer refuses to accept delivery of the product at doorstep
- Seller, post receipt of RTO product, claims that delivered product is damaged

#### Activity Flow:



\*POD is proof of delivery

#### Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	Scenario1: Non-returnable products	Seller App may recover from Buyer App
	Scenario 2.a: Returnable products: Seller App investigates conclusively with proof	As per investigation
	Scenario 2.b: Returnable products: Seller App investigation is inconclusive	Seller App/Seller
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app (Does not include the damage cost doing RTO)	Seller App/Seller
Damage to Product	Scenario 1: Seller App investigates conclusively with proof	As per investigation

	Scenario 2: Seller App investigation is inconclusive	Seller App/Seller
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*\* If the delivery attempt has happened within the delivery timeline committed to the buyer, then the Seller App may recover the cost from the Buyer App.*

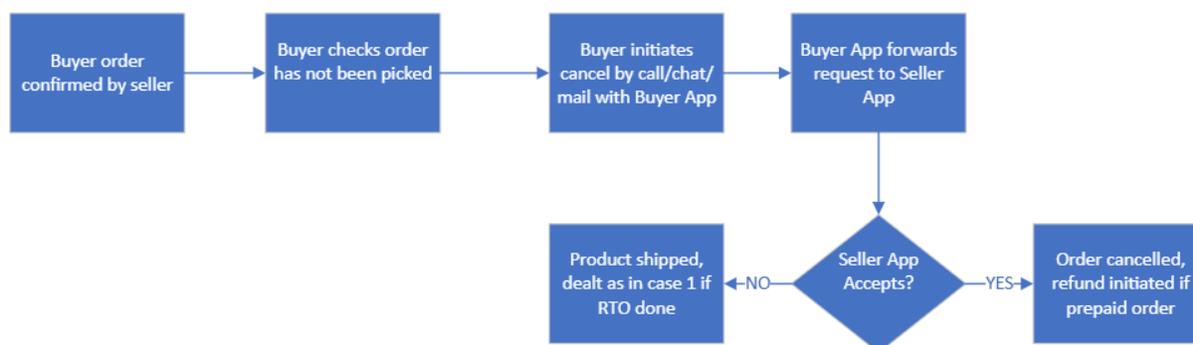
**Consultation group suggested that from a process standpoint:**

- i. In cases where the seller does not mark any remarks on the POD and finds that the RTO product is damaged subsequently, the seller should raise a complaint within a defined timeline (e.g. 72 Hours). [This will be taken up when the category-wise maximum issue filing timelines are notified under the IGM Policy]*
- ii. Any complaint / dispute raised by the seller post this timeline may not be considered by the Logistics Provider for evaluation.*
- iii. Seller App shall share with Logistics Provider the basis of conclusion of seller's complaint.*

### Case 3: Return To Origin (RTO) – Non-cancellable Product

- Buyer requests pre-shipment cancellation of a non-cancellable product

#### Activity Flow:



#### Consultation group suggested that costs incidence be addressed:

COST COMPONENT	DESCRIPTION	BORNE BY
Forward Shipping & RTO	Scenario1: Non-cancellable, Seller app accepts cancellation request	None
	Scenario2: Seller App does not accept; product gets shipped & customer refuses to accept at doorstep	As per case 1 above
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app (Does not include the damage cost doing RTO)	Seller App/Seller

#### Consultation group suggested that from a process standpoint:

- i. *Non-cancellable products may include additional details of the reason for product being marked non-cancellable for the purpose of display to prospective buyers:*
  - a. *Non-cancellable (Made to Order)*

b. *Non-cancellable (Procured to Order)*

c. *Non-cancellable (Others)*

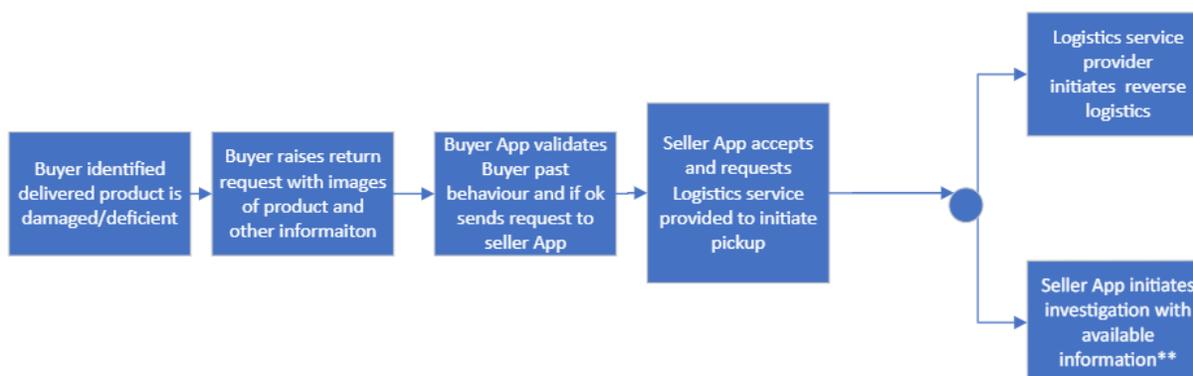
*This will help in signifying that the product may have additional cost of resale in case of made-to-order or procure-to-order products.*

- ii. *An additional confirmation step should be included in the order lifecycle highlighting that the product is non-cancellable to ensure buyer awareness of non-cancellable attribute while placing the order.*

#### Case 4: Order Return – Damaged Product/ Non - original/Incomplete

- Buyer requests return for the delivered product claiming product is damaged or not working / Brand packaging is missing/ original tags missing/ incomplete items of product

#### Activity Flow:



\*\*Available information can be: Weight Difference between the forward shipping package and returned package, packing videos provided by Seller etc.).

#### Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	Scenario 1: Seller App investigates conclusively with proof	As per investigation
	Scenario 2: Seller App investigation is inconclusive	Seller App/Seller
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app (Does not include the damage cost doing RTO)	Seller App/Seller
Damage to Product	Scenario 1: Seller App investigates conclusively with proof	As per investigation

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	Scenario 2: Seller App investigation is inconclusive	Seller App/Seller
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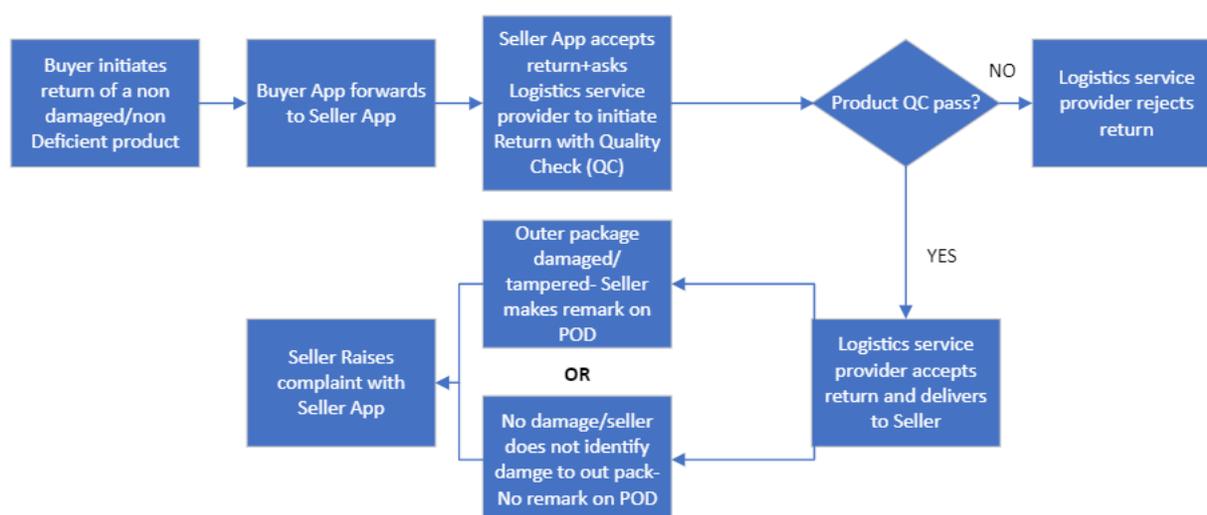
**Consultation group suggested that from a process standpoint:**

- i. Logistics service provider (forward shipping) may be regarded as one of the parties accountable for damage/ deficiency only if the return request by buyer is raised within 72 hours of delivery of the product.*
- ii. For a return request raised post 72 hours after delivery of the product, Logistics service provider may not be considered accountable for any claim for product damage/ deficiency.*
- iii. The accountability as a party in default may be fixed basis of investigation by the Seller App. The investigation may consider packaging videos of the seller and product images shared by the buyer. For e.g. images from buyers of damaged outer packaging may imply damage by the Logistics partner.*

### Case 5: Order Return – Product Damage/Empty box/Not working after Reverse Pick Up (Returnable product)

- Buyer requests return for the delivered product
- Seller, on receipt of returned product, claims brand packing or product is damaged/ original tags missing/ not working/ incomplete items of product

#### Activity Flow:



#### Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	As QC pass was done by Logistics service provider before deciding to initiate reverse pickup the liability of damage during return (if established by Seller App) will lie with Logistics service providers	Logistics Service Provider
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss in reselling at discount	Cost of doing business for seller/seller app	Seller App/Seller

	(Does not include the damage cost doing RTO)	
Damage to Product	As QC pass was done by Logistics service provider before deciding to initiate reverse pickup the liability of damage during return (if established by Seller App) will lie with Logistics service providers	Logistics Service Provider

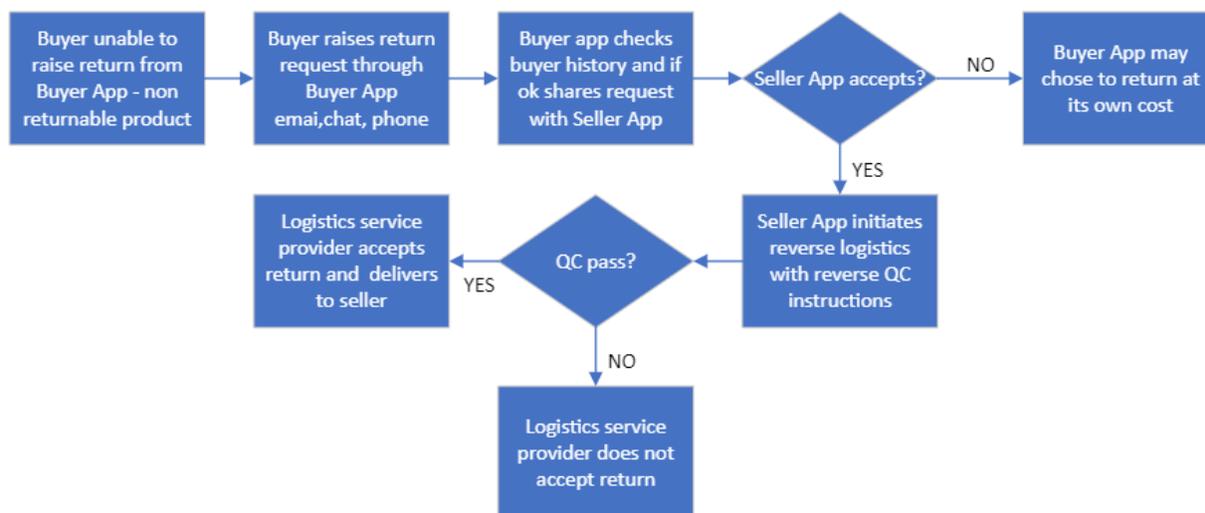
**Consultation group suggested that from a process standpoint:**

- i. *In cases where the seller does not mark any remarks on the POD and finds that the Returned product is damaged subsequently, the seller should raise a complaint within a defined timeline (e.g.,72 Hours). [Refer to comment above regarding the maximum issue filing window to be notified under IGM Policy]*
- ii. *Any complaint raised by the seller post this timeline may not be considered by the Logistics Provider for evaluation.*
- iii. *Seller APP shall share with Logistics Provider the basis of conclusion of seller's complaint*

### Case 6: Order Return – Non-returnable Product/Return window closed

- Order is delivered to the buyer and the product return window has expired or product is non-returnable

#### Activity Flow:



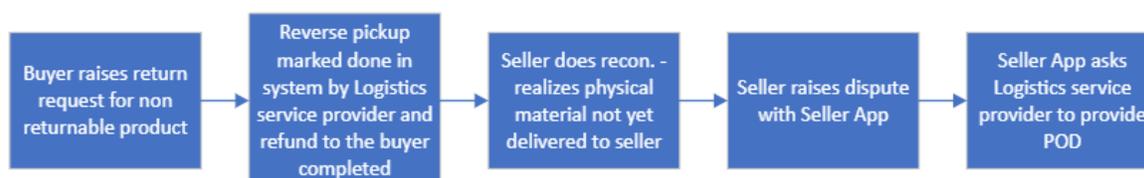
Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	Seller App accepts the return request	Seller App/Seller
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app (Does not include the damage cost doing RTO)	Seller App/Seller

*If seller App does not accept the buyer app may choose to accept return at its own cost*

## Case 7: Order Return – Seller raises non receipt claim for returned item

### Activity Flow:



### Consultation group suggested that costs incidence be addressed as below:

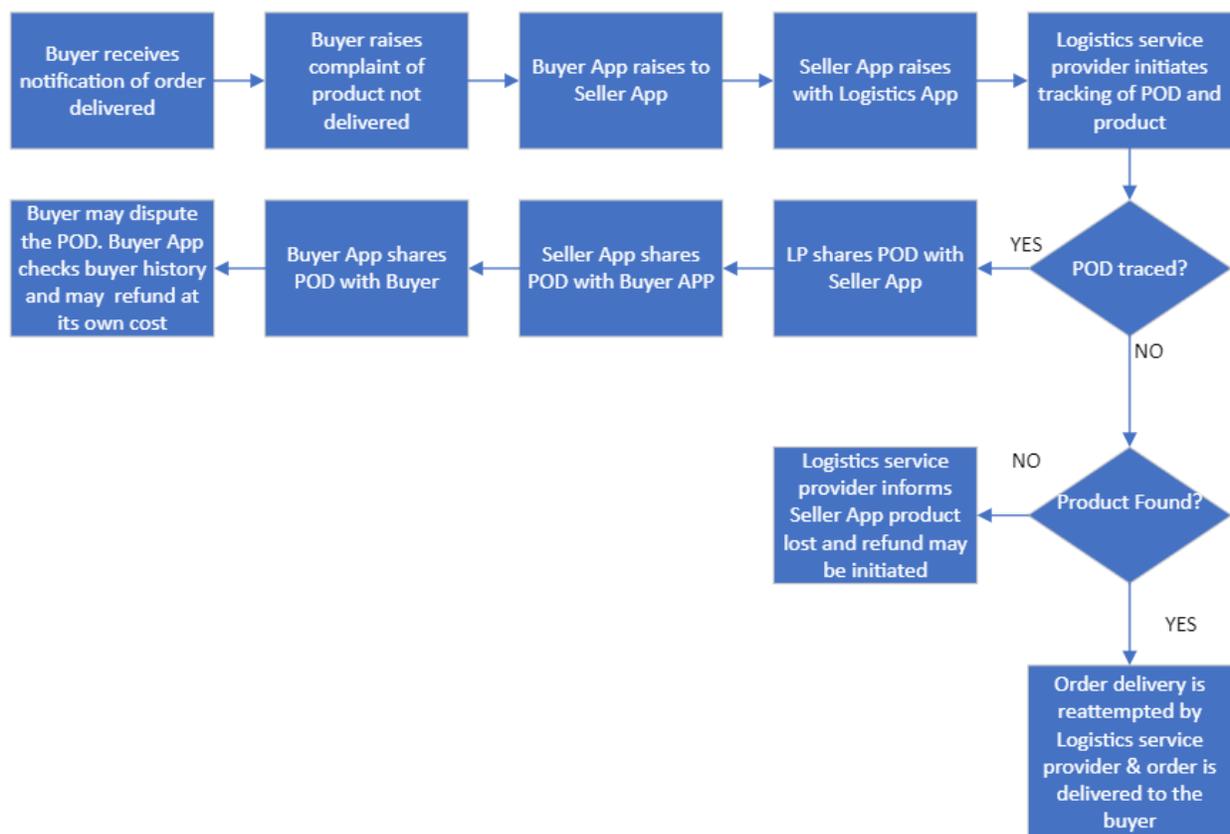
COST COMPONENT	DESCRIPTION	COST BORNE BY
Product cost & Reverse logistics cost	POD Not provided by Logistics service provider	Seller App to pay & recover from Logistics service provider
Product cost & Reverse logistics cost	POD Provided by Logistics service provider within SLA & Seller accepts POD	Seller /Seller App
Product cost & Reverse logistics cost	POD Provided by Logistics service provider & Seller contests POD provided	Seller App may choose to bear the cost basis seller history & performance

### Consultation group suggested that from a process standpoint:

- i. Open shipments (not marked delivered by Logistics service provider) for more than 30 days, Seller App should automatically pay the product cost to the seller and recover it from the Logistics service provider.
- ii. For all the shipments marked delivered by Logistics service provider, Sellers will be required to raise any dispute within 7 days of delivery date marked by Logistics service provider. [Can be taken up when maximum timelines for issue filing are notified under IGM Policy]
- iii. Seller App and Logistics service provider should agree for a timeline for sharing the POD in such cases.

### Case 8: Delivery marked by Logistics Provider, but non-delivery reported by Buyer

#### Activity Flow:



Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Forward Shipping,	Scenario 1: Logistics service provider provides POD	Seller/Seller App
	Scenario 2: Logistics service provider does not provide POD	Logistics service provider
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Product Cost	Scenario 1: Logistics service provider provides POD	Buyer/Buyer App

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	Scenario 2: Logistics service provider does not provide POD	Logistics service provider
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**Consultation group suggested that from a process standpoint:**

- i. Buyer and Buyer App agreement should define a trust period for such complaints to be raised after delivery marked by Logistics service provider.*
- ii. Logistics Provider may not respond to any such buyer complaint if it is raised after expiry of trust period. [Can be taken up when maximum timelines for issue filing are notified under IGM Policy]*

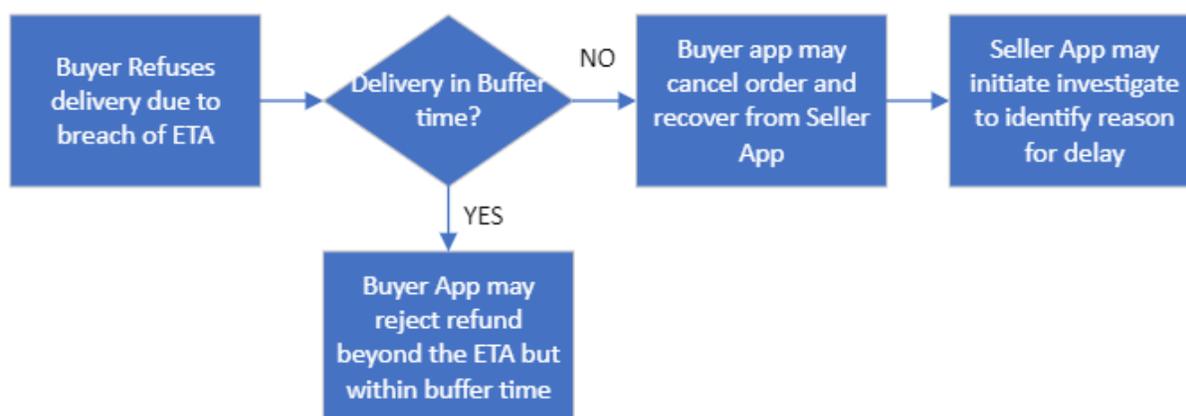
### Case 9: F&B Order – Delayed Delivery

- Buyer refuses food delivery on account of delayed delivery and requests for refund

#### Consultation group suggested that from a process standpoint:

There should be a buffer period defined for the Buyer App to consider such requests. Buffer period may be 30 mins for orders where ETA was less than an hour and it may be 50% of the ETA time for orders where ETA was more than an hour.

#### Activity Flow:



#### Consultation group suggested that costs incidence be addressed as below:

COST COMPONENT	DESCRIPTION	COST BORNE BY
Order value	Order delivered in buffer time + Buyer app chooses to refund as a cost of customer experience	Seller App may recover from Buyer App
Order value+ Forward logistics	Order not delivered in buffer time then seller App investigates	
	Scenario 1: Seller App investigates conclusively with proof	As per investigation
	Scenario 2: Seller App investigation is inconclusive	Seller App/Seller

**Case 10: Logistics provider unable to reach customer for Reverse pickup**

- Buyer requests return & Seller App/Buyer App initiate return through Logistics partner. Logistics partner claims to have attempted reverse pickup but the customer is not reachable.

**Activity Flow:**

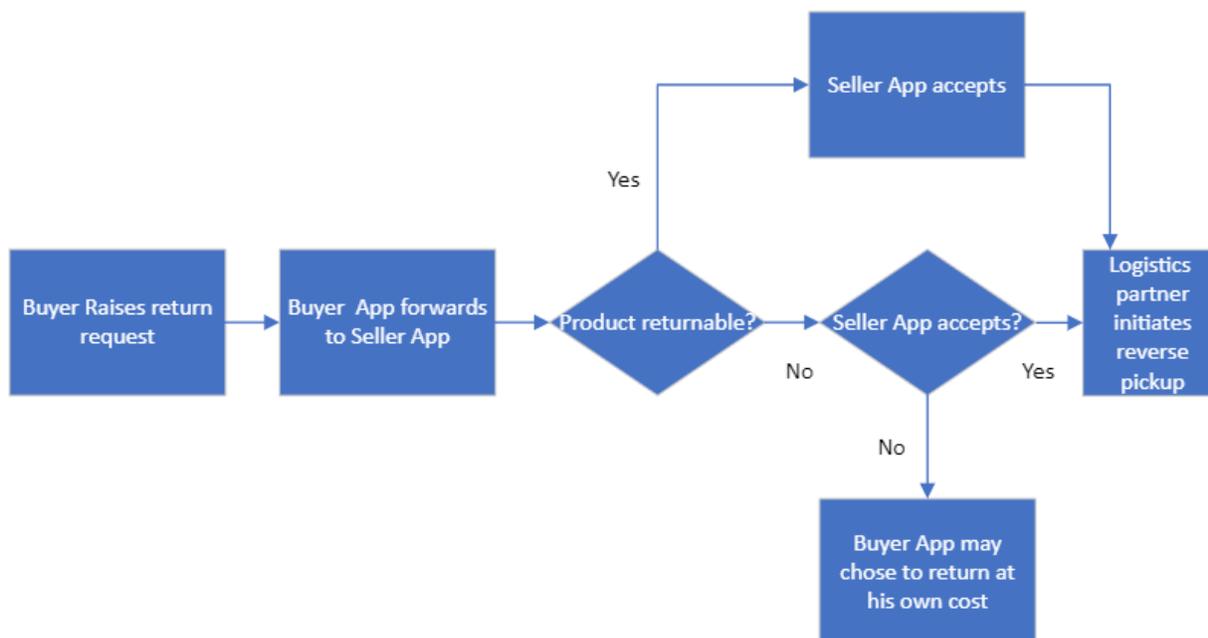


**It is suggested that costs incidence be addressed as below:**

<b>COST</b>	<b>DESCRIPTION</b>	<b>COST BORNE BY</b>
Cost of failed reverse pickup attempt by Logistics provider	Cost of doing business for the Logistics service provider	Logistics service provider

### Case 11: Issue with performance/quality of product post delivery to buyer

**Activity Flow:**



**It is suggested that costs incidence be addressed as below:**

COST	DESCRIPTION	COST BORNE BY
Forward Shipping & RTO	Returnable product / non-returnable product and seller app accepts	Seller App/Seller
	Non-returnable product & seller App rejects	Seller App may recover from Buyer App
Payment Gateway (Payment collected by Buyer App)	Cost of doing Business for Buyer App	Buyer App
Inventory holding or loss of reselling at discount	Cost of doing business for seller/seller app	Seller App/Seller

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### Where, if at all, are these terms specified / codified?

1. The configurable terms of each transaction-level contract are operationalised through the ONDC Protocol Specifications. NPs are encouraged to utilise all the features of the Spec. Accordingly, Seller Apps should get return, refund and cancellation terms from their Sellers and relay them to the Buyer App, and the Buyer App must clearly display the terms to the Buyers. This is a requirement under Chapter 2 (Business Rules) of the ONDC Network Policy and the Consumer Protection (E-commerce) Rules, 2020.
  
2. The reference terms of the transaction level contract contain the following provisions:
  - a. Each Party (i.e. Buyer App, Seller App or Logistics Service Provider) is liable for any loss or damage caused to shipments that it or its agents caused.
  - b. Each Party (i.e. Buyer App, Seller App or Logistics Service Provider) is independently liable for the services offered by it to the Sellers, Buyers and other Network Participants. This means that for any deficiency related to shipment will be the responsibility of the entity that procured logistics (the Seller App, in most cases) and the entity that performed the logistics services (the Logistics Service Provider, in case of on-network logistics).
  - c. The Party responsible for forward logistics will bear the cost of forward logistics and the Party responsible for reverse logistics will bear the cost of reverse logistics, in the event the Buyer returns any items. That means, if the Seller App has not agreed to provide reverse pick-up and logistics, but the Buyer App offers it anyway, then the Buyer App has to pay for it.
  - d. The Logistics Buyer may charge the Logistics Service Provider for the cost of forward shipping, the cost of reverse shipping, if applicable, and cost of product, in the event the Logistics Seller is unable to complete Return to Origin.
  - e. If a buyer cancels an order because of a delay in delivery, the person responsible for the delay will bear the cost of cancellation (i.e. forward shipping and RTO). As an example, if the delay was caused because of the seller not handing over the shipment on time, the seller / Seller App will bear the cost of cancellation. If the order was shipped on time but the delay was caused in transit, then the Logistics Service Provider will bear the cost of cancellation.

*All the conclusive cases will be handled through the transaction level contract and the cases where investigation will be required, will be handled through IGM.*