

DPIIT summons online food aggregators to discuss complaints of predatory pricing

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The Department for Promotion of Industry and Internal Trade (DPIIT) has summoned online food aggregators, including Swiggy, Zomato, Foodpanda and UberEATS, for a meeting today, [according to an Economic Times report](#) which cited an anonymous official. According to the source, the meeting has been called to find solutions to issues faced by restaurants. The National Restaurant Association of India (NRAI) independently confirmed the development and told MediaNama that it is participating in the meeting today. MediaNama has reached out to DPIIT, Swiggy, Zomato, Foodpanda and UberEATS for comment.

The ET source also explained that the restaurants have been facing problems similar to those faced by brick-and-mortar retailers in their tussle with e-commerce platforms. They centre around predatory pricing and deep discounting. This development comes six months after over 500 small restaurants had sent an [online petition](#) to the Competition Commission of India (CCI) and Prime Minister's Office (PMO) alleging that the food delivery companies were misusing their "dominant position". They had complained against the use of deep discounting, in-house kitchens and internal sourcing by foodtech companies which affected the small businesses.

Aim of the meeting

The department reportedly wants both the online companies and restaurants to discuss common areas of interest and come up with solutions during the meeting. Thus, representatives from various restaurant associations, including the Federation of Hotel & Restaurant Associations of India and NRAI have also been asked to attend the meeting.

Citing industry sources, the report also said that apart from discounts, the meeting will also see the online companies present recommendations to the department on improving food safety and developing the foodtech space.

Trouble for foodtech companies

Apart from predatory pricing issues, the foodtech companies have also been under the scrutiny of Food Safety and Standards Authority of India (FSSAI) since July 2018 after the body directed 10 online food order and delivery companies to [delist non-FSSAI licensed](#) food

operators/restaurants from their platform. In February 2018, FSSAI had made it **mandatory** for e-commerce food business operators (FBOs) to display both the FSSAI licence numbers of the listed food operators on their platforms, and the agreement between both the parties to comply with the Food Safety and Standards Act, Rules and Regulations.

As many as 10,500 restaurants **had been de-listed** by online food delivery platforms between July and September 2018, Ashwin Kumar Choubey, the Minister of State in the Ministry of Health and Family Welfare, said in his **reply to the Parliament** in December 2018.

Policies to curb predatory pricing issue

Predatory pricing is a pricing strategy which involves undercutting the prices of goods and services with an intent to onboard more customers or push out rivals from the business. The issues of predatory pricing have been well highlighted in the e-commerce sector where small and local shopkeepers have expressed their concerns about being adversely affected by heavy discounting offered by e-commerce companies. In order to deal with the issue, the government had issued revised **FDI guidelines for e-commerce** and also released **draft e-commerce policy**.

According to the FDI guidelines implemented from February 1, an e-commerce marketplace is not allowed to directly or indirectly influence prices of products being sold, and must offer a level playing field to all vendors/players — those controlled by marketplaces, or other vendors. Platforms will provide the same services of cashbacks, fulfillment, logistics, warehousing, advertisements, marketing, payments, finance, etc. across all vendors.