

No more Zomato, Swiggy discounts? Restaurants' body wants code of conduct for online food aggregators

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E-Paper

The association had sent a letter to the department for promotion of industry and internal trade (DPIIT) two weeks ago seeking clarity on whether the online food aggregators should fall under the purview of the government's new guidelines on foreign direct investment in e-commerce that came into effect on February 1. The national restaurant association of India (NRAI) wants a code of conduct to be put in place for the online food aggregators. The association will hold an internal meeting in Mumbai on Thursday to decide on the course of action to be taken against food aggregators like Swiggy and Zomato which have distorted market with deep discounts.



NRAI president Rahul Singh said every platform needs to have a level-playing field. “We are happy with the marketplace model. They are bringing restaurants closer to the consumer but they cannot get into exclusives, arm-twisting, promoting their own brands, using their own (search) algorithms. We all have happy hours, end of season sale but not that everything is perpetually on a sale. You are influencing the market forces. You cannot have the entire month saying no cook December,” Singh said. There should not be dumping of capital and sales of every product at hefty discounts, he

added.

The association had sent a letter to the department for promotion of industry and internal trade (DPIIT) two weeks ago seeking clarity on whether the online food aggregators should fall under the purview of the government's new guidelines on foreign direct investment in e-commerce that came into effect on February 1. The FDI norms bar marketplace entities from selling any product exclusively on its platform and curbs an entity having equity participation by e-commerce marketplace or its group companies from selling its products on the platform run by online marketplaces. “E-commerce entities providing marketplace will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field,” the note issued by DPIIT said.

Further, the rules stated that inventory of a vendor will be deemed to be controlled by e-commerce marketplace entity if more than 25% of purchases of such vendor are from the marketplace entity or its group companies. The DPIIT did not respond to NRAI, Singh said. But from the clauses mentioned in the press note, it is understood that food aggregators will be covered under the guidelines, Singh said. He added that the online firms have not even defined themselves as marketplace or inventory-based and all of them are not even registered with the food safety and standards authority of India (FSSAI). Zomato did not respond to FE's query. Swiggy could not be immediately reached for comments. “Given to press note-2 and it is the best time to have a code in place for the online food aggregators. If food aggregators start to flex their muscles because of the capital they have, then we need a code of conduct,” Singh said. “If we can have a code between the aggregators and the association, we would be happy,” he added.

Apart from getting views on placing a code of conduct and re-engaging with DPIIT on the issue, committee members would also decide if a complaint against the aggregators needs to be filed with the Competition Commission of India in the meeting, Singh said. “We need to figure out whether we should use our resources to go to CCI.” Swiggy and Zomato are locked in an intense competition to grab the bigger pie of India's online food delivery market. Ola-backed Foodpanda and Uber Eats have also entered the fray. Swiggy has developed private labels like the bowl company and homely and is reportedly working on an aggressive expansion plan to promote its in-house brands.