

Food service aggregators under DPIIT lens

The Department for Promotion of Industry and Internal Trade (DPIIT) in its meeting with the representatives of the Federation of Hotel & Restaurant Association of India (FHRAI) has agreed to look into the issues and concerns of the restaurant industry caused mainly by deep discounting and predatory pricing practices of food service aggregators (FSAs) like Swiggy, Zomato, Foodpanda and Uber Eats.

The FHRAI, in a late evening communication on Thursday, said that the government is considering an audit of FSAs on their trade. In addition, the DPIIT has agreed to look into issues including building of services, data marking, hybrid models, transparent algorithms of FSA portal and exclusivity among others.

The federation has also expressed reservations to DPIIT's proposal of placing FSAs and restaurants together as part of the same industry and has proposed solutions to regularise the operations of the FSAs which presently are cannibalising the market by sheer strength of discounting model of business.

A representation was submitted, highlighting the unfair and arbitrary business practices of the FSAs including deep discounting leading to market distortion, exorbitant commissions, unfair trade practices by promoting unorganised sector or illegal cloud kitchens and adopting inequitable deep discounting methods.