

# FDI Ecommerce Circular: Restaurant Group Wants To Know If Zomato, Swiggy Included

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The changes are set to come into effect from February 1

NRAI has written to DIPP for clarity on the issue

The restaurant association noted that some food delivery cos work in inventory model

Ahead of [February 1 deadline for changes](#) in FDI policy for ecommerce to come into effect, the National Restaurant Association of India (NRAI) is wondering if food delivery players such as Zomato and Swiggy will also come under the purview of the ecommerce rules.

Notified on December 26, the changes in FDI policy in ecommerce prohibits large online marketplaces from selling more than 25% stock of their vendors and discourages exclusive online sales.

However, NRAI has reportedly sought clarity from the Department of Industrial Policy and Promotion (DIPP) to understand if online food companies should comply with the guidelines, which may prohibit them from influencing prices and operating inventory-based models, including their own cloud kitchens.

The association has noted that some online food companies operate as marketplaces, others are inventory-based, and some do both. The NRAI and foodtech companies have been at loggerheads for a long time, and the restaurant lobby has already said that online food companies are making their consumers “discount addicts”.

NRAI president Rahul Singh reportedly said that as the restaurant sector comprises lakhs of small businesses run by entrepreneurs and families, their interests need to be kept in mind. The policy should provide a fair and non-discriminatory framework, he added.

DIPP guidelines allow 100% FDI in ecommerce marketplaces, but not in inventory-based models. Along the same lines, on November 18, 2018, Food Safety and Standards Authority of India, the regulator, said that ecommerce food business operators are also classified into these two categories — inventory-based and marketplaces.

Last year over 500 small to mid-sized restaurant companies petitioned the Competition Commission of India and the Prime Minister's Office about the "[misuse of dominant position](#)" by food delivery companies including Swiggy, Zomato, UberEats and FoodPanda.

The food delivery ([Zomato-Swiggy vs](#) NRAI etc) tussle marks one more sector in which small brick-and-mortar businesses have expressed discontent with the way online aggregators do business. The trend is already visible across sectors like hospitality ([OYO, MakeMyTrip-Golbibo](#) Vs FHRAI etc), ecommerce (Flipkart-Amazon vs [CAIT, CCI](#) etc), and transport (Uber-Ola Vs drivers, high courts, state governments' etc).