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Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

Case No. 26 of 2014

In Re:

Dr. P. Raja

Informant

And

**The Regional Manager
Wipro GE Health Care, Bangalore**

Opposite Party No. 1

**The General Manger
GE Health Care Private Limited, Chennai**

Opposite Party No. 2

CORAM

**Mr. Ashok Chawla
Chairperson**

**Mr. Anurag Goel
Member**

**Mr. M. L. Tayal
Member**

**Mr S.L. Bunker
Member**

**Mr. Sudhir Mital
Member**

Present: None for the informant.

Order under section 26(2) of the Competition Act, 2002

1. The present information has been filed under section 19(1)(a) of the Competition Act, 2002 ('the Act') by Dr. P. Raja ('the informant')



सत्यमेव जयते



against The Regional Manager, Wipro GE Health Care, Bangalore (**‘the opposite party No. 1’**) and The General Manager, M/s.GE Health Care Private Limited, Chennai (**‘Opposite Party No. 2’**) alleging *inter alia* contravention of the provisions of section 4 of the Act.

2. Informant is a registered medical practitioner and managing partner of M/s P. P. Scans located at Palayapalayam, Erode, Tamil Nadu. Opposite Party No. 1 is a joint venture with equal voting rights between two renowned organisations M/s Wipro Ltd. and M/s General Electric Company of USA, and *inter alia* is engaged in the manufacturing and sale of ultrasound, CT scanners systems, etc. in India for global and regional markets. With an annual turnover of about Rs.800/- Crores, it is stated to be India’s largest medical equipment sales and service provider and is a market leader with unmatched distribution and service reach in South Asia. Opposite Party No. 1 is an associate company of Wipro and Opposite Party No.2; thus, both are considered as Opposite Parties by the informant.
3. The informant has stated that he wanted to open a diagnostic centre with all convenience under a single roof catering to the needs of patients. Hence, the informant had approached M/s GE Capital Service India (GE CSI), a sister concern of Opposite Party No.2, seeking loan to finance the purchase of the entire diagnostic equipments manufactured by Opposite Parties. The total value of the equipments purchased was around Rs. 3.75/- Crores along with one year CMC and AMC warrantee. The informant has further stated that several hidden and indirect terms were imposed by the Opposite Parties in connection with the purchase of medical equipment.
4. The informant has stated that the M/s GE Capital Service India released majority of the loan account (Rs. 2.92/- crores) in September



2011 itself and the informant started repaying the amount from that date whereas the said equipments were installed and started functioning only from November-December 2011. During the first three months, only the loan amount was repaid and the scan centre could not be started owing to delay in the supply of the said equipments.

5. The informant has stated that the ultrasound equipment was delivered only after two months of the opening of the scanning centre, though the license for ultrasound was obtained on 28.11.2011 itself. It is stated that owing to delay in the delivery of the ultrasound equipment, the informant had to purchase a sonoscape for Rs. 15/- lakhs separately from another company to honour the promise already given to doctors that ultrasound scan would be conducted from day one onwards of the opening of the diagnostic centre.
6. As per the information, among the purchased equipments, the CT scanner alone was worth Rs. 3.18/- Crores. However, after purchase and installation, the said equipment was found to be substandard leading to frequent breakdowns. The information further highlighted that during most of the breakdowns, the problem was rectified only after 3 to 4 days due to negligence and non-availability of parts and frequent failure in the same spare part has occurred many times within a short duration.
7. It was submitted that from 04.11.2011, the date of installation of CT scanner, till 11.03.2014, the equipment broke down almost on 8 occasions and the said equipment had been kept idle for at least 3 days during each such break. Total breakdown period is more than 75 days (till 21st March 2014) within 25 months of installation. Furthermore, the informant has averred that the Opposite Party has no proper and fair price fixed for the spare parts and the prices are quoted according



to its will and pleasure as evident from a huge difference in the prices quoted for the same product within a short period of one year.

8. The informant has alleged that on 25.01.2014, the CT scan equipment again broke down completely and the informant informed the Opposite Party immediately on the same day. But the Opposite Party's engineers never visited the informant's premises till to-day (15.03.2014). Despite the informant's intimation of the same, no reply was received from the Opposite Party's for a period of one week. Because of the frequent mal-functioning of the equipment the informant had failed to provide satisfactory service to the patients and the doctors, resulting in heavy revenue loss and credibility.
9. The informant alleged that the act of the Opposite Party is nothing but breach of contract. Opposite Party was bound to give proper service to the informant as per the 'agreement' between the informant and the Opposite Party. The informant has further alleged that Opposite Party was in a dominant position owing to which it was capable of imposing unfair or discriminatory prices indirectly in the purchase of accessories. Hence, the Opposite Party's conduct amounted to abuse of dominant position as defined under section 4 of the Act.
10. Based on the above averments and allegations, the Informant prayed to the Commission to direct the Opposite Party to attend and rectify the breakdown of the medical equipment and to restrain from using its dominant position to control the informant by purchase the parts (goods) to the rate fixed arbitrarily by it.
11. The Commission has perused the information and examined all materials on record. However, in spite of service of notice, the informant did not present any oral submission on the date scheduled for it.



सत्यमेव जयते



12. The Commission observes that the prime allegation of the informant is that the CT Scan equipment purchased from the Opposite Party No. 1 was a substandard one as broken down very frequently, almost 8 times in two and half years of its purchase. Further, the quality of after sale repair services provided by Opposite Party No. 1 for the CT Scan equipment was deficient and prices charged for the spare parts used as replacement in repairing the said equipment were extremely high and changed arbitrarily by the Opposite Party No. 1. As per the information, this amounted to abuse of dominant position by Opposite Parties.
13. Having regard to the allegations, the Commission is of the opinion that the present case squarely pertains to deficiency in services provided by the Opposite Party No. 1 in the after sale and repairing of CT Scan equipment purchased by the informant, an individual consumer. As such, the facts of the case do not highlight any competition issue which requires intervention of the Commission at this stage. Accordingly, an assessment of the alleged abusive conduct of the Opposite Party No 1 under section 4 of the Act is not required.
14. In view of the above discussion, the Commission is of the opinion that no case of contravention of the provisions of the Act is made out against the Opposite Parties and the information is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act.
15. The Secretary is directed to inform the parties accordingly.

Sd/-
(Ashok Chawla)
Chairperson



**Sd/-
(Anurag Goel)
Member**

**Sd/-
(M. L. Tayal)
Member**

**Sd/-
(S.L. Bunker)
Member**

**Sd/-
Mr. Sudhir Mital
Member**

New Delhi

Date: 23/06/2014