

COMPETITION COMMISSION OF INDIA

Case No. 32 of 2012

Dated : 05/10/2012

IN THE MATTER OF:

Subhash Yadav

... Informant

Vs.

Force Motor Ltd. & Ors.

... Opposite Parties

ORDER UNDER SECTION 26(2) OF THE COMPETITION ACT, 2002

The information was filed by Sh. Subhash Yadav ('the informant') under section 19(1) of the Competition Act, 2002, who purchased a Sports Utility Vehicle (SUV) vehicle 'Force One' from M/s. Tempo Automobiles, New Delhi (OP.4) authorized dealer of Force Motors Ltd., Pune (OP.1) manufacturer of the vehicle. The informant made the DGM (Sales) (North and East Region) (OP.2) and Vice President (Corporate Quality and Product Support) (OP.3), Force Motors Ltd. and Daimler India (OP.5) and Daimler AG, Germany (OP.6) parties in the matter. It may be noted that no relief was asked for against the OP.2, OP.3, OP.4 and OP.5.

2. According to the information, the informant purchased a SUV 'Force One' manufactured by the OP.1. The informant averred that immediately after purchasing the said vehicle, the engine started overheating whenever the air conditioner was switched on. It was stated that OP.1 has used Daimler engine in the said vehicle which is normally used in the Mercedes SUVs priced at Rs. 30 lakhs and above, whereas it has been used in 'Force One' vehicle which is being sold for Rs.11.5 lakhs. Thus, according to the informant, OP.1 has created dominant position by cutting the competition in the market in India by pricing the vehicle at a very competitive price compared to similar vehicles of other manufacturers.



3. The informant averred that there were many problems that he encountered after purchasing the said vehicle. Apart from overheating of the engine, the AC of the vehicle was of poor quality, it had a loose bonnet and a poor breaking system etc. It was also stated by the informant that he is not getting much assistance from the workshop/service station even though the opposite parties claim to have an excellent network of body shop/service station in Gurgaon.

4. The informant alleged that the OP.1 indulges into unfair and discriminatory conditions in purchase/ sale of goods and also indulged in predatory pricing. The informant asserted that OP.1 holds dominant position and abused its dominance causing appreciable adverse affect on competition in the markets in India, infringing section 4 of the Act. Further, the informant alleged that the agreement between the OP.1 and Daimler AG, Germany is void, being violative of section 3(1) of the Act.

5. The informant is a consumer and narrated many deficiencies in the vehicle which was purchased by him on 24th of April, 2012. The gravamen of the informant in nutshell is that the performance of the SUV purchased by him was much below satisfaction.

6. It may be noted that the aim and object of the Act, is to prevent the practices having adverse effect on the competition, to promote competition and thereby to protect the interest of the customers. In^a nutshell, the purpose of this Act is to protect and promote fair competition in the markets in ~~the~~ India. However, for the protection of individual consumer interest, there is another statue already in existence known as Consumer Protection Act, 1986 ('the Act of 1986') which mainly deals with protection of consumer interest against the deficiencies in services or goods being purchased by the consumers from sellers. Therefore, there is a clear difference between the two statutes stated above. The Competition Act is primarily concerned with ensuring and maintaining free and fair competition in ~~the~~ Indian markets and the Act of 1986 is looking after individual consumer grievances against unfair trade practices and deficiencies in goods/services.



7. Finally, section 3 deals with two kinds of agreements. Section 3(3) of the Act, deals with horizontal agreements i.e., where the parties are engaged in identical or similar trade of goods or provision of services which determines the purchase or sale price, limit or control the production, indulge in bid rigging, etc. Whereas section 3(4) of the Act, deals with vertical agreements which are tie-in-arrangement, exclusive supply agreement and refusal to deal between the parties who are at different levels of production chain in different markets. The informant did not substantiate how the agreement between OP.1 and OP.6 has infringed section 3(1) of the Act.

8. In the light of aforesaid discussion, the information filed by the informant does not fall within the four corners of the Act. The Commission finds that no prima facie case is made out against the opposite parties either under section 3 or section 4 of the Act for referring the matter to DG for investigation. It is a fit case for closure under section 26(2) of the Act and is hereby closed.

The Secretary is directed to inform all concerned, accordingly.

Sd/-
Member (C)

Sd/-
Member (R)

Sd/-
Member (GG)

Sd/-
Member (AG)

Sd/-
Member (T)

Sd/-
Member (D)

Sd/-
Chairperson

Certified True Copy



S. P. Gahlaut
08/10/2012
S. P. GAHLAUT
Assistant Director
Competition Commission of India
New Delhi