



सत्यमेव जयते



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Competition Commission of India finds the conduct and practice of Grasim Industries Limited to be in contravention of Competition Law

The Competition Commission of India (CCI) has found Grasim Industries Limited (GIL) to be in contravention of the provisions of Section 4 of the Competition Act, 2002 (Act) for abuse of dominant position in the '*market for supply of Viscose Staple Fibre (VSF) to spinners in India*'. GIL was found to be charging discriminatory prices to its customers besides it was also found to be imposing supplementary obligations upon them. These are found to be in violation of the provisions of Sections 4(2)(a)(ii) and 4(2)(d) read with 4(1) of the Act.

Based on the investigation, the Commission found that GIL had imposed unfair and discriminatory prices in the sale of VSF upon the spinners who are similarly placed. The reasons offered by GIL in explaining the price differentiation were found to be unsatisfactory. After carefully analysing the data furnished by GIL, the Commission observed that the data establishes that GIL was charging discriminatory prices on its spinners. Such discrimination by a dominant upstream firm may result not only in distortion in the downstream market but can also have an adverse effect on the production efficiency of the downstream firms. Thus, competing downstream spinners suffer from information asymmetry which adversely affects their ability to supply yarn at a competitive price. Accordingly, the Commission directed GIL to refrain from adopting unfair/ discriminatory pricing practices and also refrain from seeking the consumption details of VSF from the buyers of VSF. Further, the Commission also directed GIL to put in place a discount policy which is transparent and non-discriminatory to all the market participants, and make it easily and publically accessible/ available. GIL shall not place any end-use restriction on the buyers of VSF and it would be open for them to use the same for spinning or trading or any other purpose, as permissible under law.

The Commission also imposed a penalty of Rs. 301.61 crore (Rupees Three Hundred One Crore and Sixty One Lakh) on GIL. The penalty was calculated @ 5% of the average revenue of GIL from sale of Viscose Staple Fibre (VSF) in the relevant market.

A copy of the order passed in Case No. 62 of 2016 under Section 27 of the Act has been uploaded on the website of CCI at www.cci.gov.in.