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CCI imposes penalty on Tyre manufacturers and their Association for indulging in cartelisation

Competition Commission of India ('CCI') had passed a final order dated 31.08.2018 against five Tyre companies namely Apollo Tyres Ltd., MRF Ltd., CEAT Ltd., JK Tyre and Industries Ltd., Birla Tyres Ltd. and their association *i.e.* Automotive Tyre Manufacturers Association (ATMA) for indulging in cartelisation by acting in concert to increase the prices of cross ply/bias tyres variants sold by each of them in the replacement market and to limit and control production and supply in the said market, thereby contravening the provisions of Section 3(3)(a) and 3(3)(b) read with Section 3(1) of the Competition Act, 2002 ('the Act').

Earlier, the said order of the Commission had been kept in sealed cover as per the directions of the Hon'ble Madras High Court, issued in W.A. No. 529 of 2018, preferred by MRF Limited. Thereafter, the Division Bench of the Hon'ble Madras High Court *vide* an order dated 06.01.2022, dismissed the aforesaid writ appeal. Aggrieved with the same, the tyre companies preferred SLPs before the Hon'ble Supreme Court, which were dismissed *vide* its order dated 28.01.2022.

This case was initiated on the basis of a reference received from the Ministry of Corporate Affairs (MCA) under Section 19(1)(b) of the Act. The said reference was based on a representation made by All India Tyre Dealers Federation (AITDF) to the MCA.

The Commission noted that the tyre manufactures had exchanged price-sensitive data amongst them through the platform of their association, namely, Automotive Tyre Manufacturers Association (ATMA), and had taken collective decisions on the prices of tyres. The Commission also found that ATMA collected and compiled information relating to company-wise and segment-wise data (both monthly and cumulative) on production, domestic sales and export of tyres on a real-time basis. Thus, the Commission noted that the sharing of such sensitive information made the co-ordination easier amongst the tyre manufacturers.

Accordingly, the Commission held the five tyre manufacturers and ATMA guilty of contravention of the provisions of Section 3 of the Act, which prohibits anti-competitive agreements including cartels, during 2011-2012.



The Commission imposed penalties of Rs. 425.53 crore on Apollo Tyres, Rs. 622.09 crore on MRF Ltd., Rs. 252.16 crore on CEAT Ltd., Rs. 309.95 crore on JK Tyre and Rs. 178.33 crore on Birla Tyres, besides passing a cease and desist order. In addition, a penalty of Rs. 0.084 crore was also imposed on ATMA. ATMA was also directed to disengage and disassociate itself from collecting wholesale and retail prices through the member tyre companies or otherwise.

Further, certain individuals of the aforesaid tyre companies and ATMA were held liable for the anti-competitive conduct of their respective companies/association in terms of the provisions of Section 48 of the Act.

A copy of the order in Ref. Case No. 08 of 2013 is available on the Commission's website at the following link:

<https://www.cci.gov.in/sites/default/files/08-of-2013.pdf>
