

***IN RE: ALLEGED ANTI-COMPETITIVE CONDUCT BY MARUTI SUZUKI INDIA LIMITED (MSIL)  
IN IMPLEMENTING DISCOUNT CONTROL POLICY VIS-À-VIS DEALERS***

**Decision date:** 04/07/2019

**Keywords:** resale price maintenance, discount control policy

**Issue:** Whether the allegations of discount control policy against Maruti Suzuki India Ltd. (MSIL) *prima facie* merit further investigation?

**Rule:** Sec. 3(4)(e) read with Sec. 2(b) of the Competition Act, 2002.

The case arose from an anonymous email by a purported Maruti Dealer alleging essentially Resale Price Maintenance resorted to by MSIL in a certain region. It was alleged that dealers of MSIL are not permitted to give extra discount to their customers and if a dealer is found to be giving discounts more than the permitted level, a penalty is levied depending upon the number of incidents found in a particular year. It was also alleged that similar discount control policy is implemented by MSIL across India.

In response, MSIL stated that it does not exercise any control of supervision over the dealers, except to maintain a balance between satisfaction of consumers and uniformity of schemes. It was further submitted that there is no agreement between MSIL and its dealers which involved discount control policy. Additionally, MSIL submitted that it encourages dealers to give discounts to consumers and gave certain examples of the same. It submitted that the “penalties” referred to in the alleged emails related to the schemes and guidelines launched by the dealers to ensure consumer satisfaction. In sum, MSIL argued that it does not have in place a discount control policy, and the information lacks substance to meet the *prima facie* standard.

**The CCI held that the allegations *prima facie* reveal a fit case for investigation in respect of Resale Price Maintenance arrangement put in place by MSIL upon its dealers and directed the DG to cause an investigation to be made into the matter.** It did not agree with MSIL’s submission that the dealership agreement did not provide for any such policy, by holding that the definition of an agreement under Sec 2(b) includes a “*tacit or informal understanding between entities*”. The Commission further observed that MSIL has just provided 9 instances where discounts above the consumer offer price had been given, while MSIL has 2627 dealers across India.