

**MR. MEET SHAH & OTHER V. UNION OF INDIA, MINISTRY OF RAILWAYS & OTHER**

**Case No. 30/2018.**

**Decision date:** 09/11/2018

**Keywords:** rounding off, railways, sale of e-tickets, abuse of dominant position

**Issue:** Whether the allegations of charging a price higher than base fare for the sale of e-tickets against the OPs amounts to abuse of dominant position.

**Rule:** Sec. 4 (1) read with Sec. 4 (2)(a)(ii) of the Competition Act, 2002.

The case arose as a result of allegations made by the informants that the Ministry of Railways ('MoR') and Indian Railway Catering and Tourism Corporation Ltd. ('IRCTC'), according to their pricing policy as published on their official website, round off the base fare to the next higher multiple of Rs 5. It was therefore alleged that this act of rounding off, coupled with the fact that the MoR and IRCTC hold a dominant position in the relevant market by virtue of being the only players, creates unfair and discriminatory conditions and therefore merits examination of abuse of dominance.

In order to determine whether there was any abuse of dominant position, the CCI first held the relevant market to be the "market for sale of tickets by railways in India". Relying on its previous decisions in *Sharad Kumar Jhunjunwala v. Union of India*, *Ismail Zabiulla v. Union of India* and *Yaseen Bala v. Union of India*, the CCI reiterated that the dominance of the MoR and IRCTC in the relevant market is indisputable due to the existing regulatory and statutory network. Further, the MoR and IRCTC were collectively considered as a group for the purpose of the Act, and were dominant not only for the provision of railway transport services, but also in ancillary segments like ticketing, on-board catering, platform facilities and so on.

MoR and IRCTC submitted that the practice of rounding off was done in order to reduce transaction time for consumers and serve them expeditiously. The CCI was of the opinion that this rationale would not hold with respect to online sale of tickets since it is possible to electronically transfer as low a denomination as one paisa. Additionally, there was no rationale provided as to why rounding off was carried out separately for each passengers even when multiple tickets were booked at the same time for a journey.

Therefore, the Commission held that the practice adopted by the MoR and IRCTC would *prima facie* amount to an imposition of the unfair condition in the market for sale of rail tickets in India, particularly for online booking, contravening the provision of Section 4 (2)(a)(i) of the Act for unfair or discriminatory pricing or conditions. Accordingly, the Director General was directed to cause an investigation into this matter and submit the report within 60 days of this order.