



सत्यमेव जयते



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PRESS RELEASE

CCI imposes penalties upon Airlines for concerted action in fixing fuel surcharge (FSC) on cargo transport

The Competition Commission of India (CCI) has imposed penalties upon 3 Airlines for concerted action in fixing and revising Fuel Surcharge (FSC) for transporting cargo.

The final order was passed by CCI on 17.11.2015 in a matter which was filed by Express Industry Council of India under section 19(1)(a) of the Competition Act, 2002 against Jet Airways (India) Ltd., InterGlobe Aviation Limited, Spice Jet Limited, Air India Limited and Go Airlines (India) Limited alleging contravention of the provisions of section 3 of the Act which deals with anti-competitive agreements.

The Commission noted that the Airlines acted in parallel in collusion in fixing FSC rates. Such conduct was found to have resulted in indirectly determining the rates of air cargo transport and thereby in contravention of the provisions of section 3(1) read with section 3(3)(a) of the Act.

Accordingly, penalties of Rs. 151.69 crores, Rs. 63.74 crores and Rs. 42.48 crores were imposed upon Jet Airways (India) Ltd., InterGlobe Aviation Limited and Spice Jet Limited respectively for the impugned conduct which was found to be in contravention of the provisions of section 3(1) read with section 3(3)(a) of the Act. Besides, cease and desist order was also issued against the Airlines.

No penalty, however, was imposed upon Air India Limited as its conduct was not found to be parallel with other Airlines. Similarly, no penalty was imposed upon Go Airlines (India) Limited as it gave its cargo belly space to third party vendors with no control on any part of commercial/ economic aspects of cargo operations done by vendors including imposition of FSC.

While imposing penalties, the Commission noted that such conduct in the air cargo industry undermines economic development of the country and ultimately acts to the detriment of end-consumers. However, considering the precarious financial position of Airlines, the penalty was imposed by the Commission @ 1% of their average turnover of the last three financial years.

The order of the Commission was passed in Case No. 30 of 2013 and a copy thereof has been uploaded on the website of CCI at www.cci.gov.in.
