

Jet, IndiGo, SpiceJet Penalised Rs 540 million for Unfair Business Practices



Competition Commission of India

March 8, 2018.



The Competition Commission of India (CCI) has penalised Jet, IndiGo, SpiceJet Rs 540 mn for unfair business practices.

The penalty levied are as :
on Jet Airways – Rs 398.1 million,
on IndiGo – Rs 94.5 million and
on SpiceJet – Rs 51 million

The CCI has imposed the penalty for fixing fuel surcharge.



The CCI acted on a cartelisation complaint by Express Industry Council of India against Jet, IndiGo, SpiceJet, Air India and GoAir.

“Considering the financial position of the airlines and noting that fuel surcharge constitutes 20-30 per cent of cargo revenue, penalty was imposed by the CCI at 3 per cent of their average relevant turnover of the last three financial years,” the CCI said.

During hearings with the CCI, the airlines said there was only one instance where four players changed the fuel surcharge at the same time. They also justified the movement in fuel surcharge by linking it with increase in aviation turbine fuel prices.



Last time these airlines were penalised by the CCI, the airlines appealed at the Competition Appellate Tribunal (Compat). The Compat had asked the CCI to re-investigate the case as it felt that the commission had failed to cite reasons for disagreement with DG report and did not give the airlines an effective opportunity to the airline companies to show that they had not formed any cartel for jacking up fuel surcharge from time to time.

History

In November 2015, the CCI had imposed a penalty of Rs.151.69 crore on Jet Airways, Rs 63.74 crore on IndiGo and Rs 42.48 crore on SpiceJet for cartelization and reported in these columns. (**Read More: Unfair Business**)

The fine corresponded to 1% of the annual revenue of the companies. This time, the penalty has been brought down as the commission has considered only the relevant turnover.