

CCI dismisses bid-rigging case against fabric suppliers to Indian Railways

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On July 1 2015 the Competition Commission of India (CCI) exonerated all five approved suppliers of fire-retardant vinyl fabric to Indian Railways of bid rigging.

The allegation was filed by the North Western Railway against five companies that had been approved by the Research Designs and Standards Organisation (RDSO) to supply "fire-retardant vinyl upholstery fabric leather confirming to RDSO specifications" to Indian Railways. North Western Railway alleged that the firms had rigged the bids to supply its railway zone, using a strategy in terms of a cartel or inter-company understanding so that only the largest of them – M/s Responsive Industries Ltd – secured all of the orders. The prices quoted by M/s Responsive Industries were allegedly higher than those it quoted in other railway zones and uncompetitive (even extortionate) in nature.

However, after a detailed investigation, the director general of the CCI noted that the prices quoted by the bidders were actually lower than the indicated price of upholstery determined by the Railway Board, thus undermining the allegation that the bidders had quoted excessive prices. Agreeing with the director general's findings, the CCI also found that M/s Responsive Industries (the primary respondent) was justified in quoting higher prices on account of devaluation of the rupee and a hike in petroleum prices, which led to an increase in the manufacturing cost of the upholstery.

The CCI noted that the parties had proved themselves to be independent entities and that the IP addresses of the computers from which the bids were submitted were distinct. No evidence of any collusion or cartel activity which would have resulted in violation of the Competition Act was found.

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