



**COMPETITION COMMISSION OF INDIA**

**Case No. 06 of 2015**

**In Re:**

**M/s Fast Track Call Cab Private Limited**

**26, Jayalakshmiipuram, Nungambakkam, Chennai**

**Informant**

**And**

**M/s ANI Technologies Pvt. Ltd.**

**4th Floor, Sunteck Centre, Vile Parle (East), Mumbai**

**Opposite Party**

**CORAM**

**Mr. Ashok Chawla  
Chairperson**

**Mr. S. L. Bunker  
Member**

**Mr. Sudhir Mital  
Member**

**Mr. Augustine Peter  
Member**

**Mr. U. C. Nahta  
Member**

**Mr. M. S. Sahoo  
Member**

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## **Appearances:**

**For the Informant:** Shri A. N. Haksar, Sr. Advocate

Shri Udayan Jain, Advocate

Shri Abishek Singh Baghel, Advocate

Ms. Chitra, Advocate

## **Order under Section 26(1) of the Competition Act, 2002**

1. The information in the present case has been filed by M/s Fast Track Call Cab Private Limited (hereinafter, the '**Informant**') under section 19(1) (a) of the Competition Act, 2002 (hereinafter, the '**Act**') against M/s ANI Technologies Pvt. Ltd. (hereinafter, the '**Opposite Party**'), *inter alia*, alleging contravention of the provisions of sections 3 and 4 of the Act in the matter.
2. As per the information, the Informant is a company incorporated under the Companies Act, 1956 and has been engaged in the business of providing radio taxi services under the brand name 'Fast Track' in the southern part of India including cities of Bengaluru, Mysore, Hyderabad, *etc.* The Informant is a part of the Fast Track group that offers radio taxi services in the states of Tamil Nadu, Karnataka, Andhra Pradesh, Kerala, Maharashtra and West Bengal. The Opposite Party is stated to be a company engaged in the provision of services of radio taxi under the brand name 'OLA'.
3. Based on a news article published on '*vccircle.com*', the Informant submitted that the Opposite Party has received huge funding from various agencies. It is submitted that so far four series of investment have already been made in the Opposite Party's company including investment of \$ 5 million by Tiger Global



Management in 2012; \$ 20 million by Matrix Partners India; \$ 41.8 million by Hong Kong based equity hedge fund; and \$ 210 million by SoftBank Corp. The Informant has alleged that armed with moneybags from various funding agencies, the Opposite Party has unleashed a series of abusive practices of unfair conditions, predatory pricing *etc.* to establish its monopoly and eliminate otherwise equally efficient competitors who cannot indulge in such predatory pricing in the radio taxi services market.

4. The Informant has contended that in the market of radio taxi services in Bengaluru, the Opposite Party holds a dominant position because the Opposite Party has around 43.2% of the active fleet and 47% of the market share as per number of trips in Bengaluru. Further, it is alleged that the Opposite Party has acquired the business of 'Taxi For Sure', another radio taxi company, after which its market share has increased to almost 69%.
5. The Informant has placed reliance on the market search report on 'Bangalore Radio Taxi Service Market Analysis' prepared by 'New Age TechSci Research Pvt. Ltd', a reputed research company. As per the said report, in December 2014, in Bengaluru about 22,200 cars were available on radio cabs network, out of which the Opposite Party has a share of about 42.8%. Further, out of the active fleet size, the Opposite Party has a share of about 43.2% cars available with it at any given point of time and out of the total trips made on an average in the city during a given day the Opposite Party has a share of about 47.3%. As per the said report, the Opposite Party handles about 40 lakh bookings for a full month. Placing further reliance on an article from *vccircle.com* published on 19.11.2014 and *Economic Times* dated 09.01.2015, the Informant has submitted that the Opposite Party has increased its number of cabs to 45,000.



6. With regard to the issue of abuse of dominance, the Informant has alleged that the Opposite Party has incentivised the drivers unrealistically by using the money available with it due to the foreign investments which can never be matched by the existing radio cab operators or potential indigenous enterprises desirous of starting such operations in India. Therefore, the practices of the Opposite Party has resulted into exclusion of existing players and created entry barriers for the new entrants. Further, it is alleged that the Opposite Party restricts its driver fleet operators from using any other competing platform for providing their services. The Informant has contended that the Opposite Party's 'direct costs' for providing taxi services is way above its revenue from customers. It is contended that the Opposite Party is offering general discounts and loyalty rebates to its customers through its wallet system, which apart from fidelity building, also leads to discriminatory pricing.
7. The Informant has alleged that as a result of the abusive conduct of the Opposite Party the market is distorted and it is losing the cabs on its network as well as the consumers because of non-availability of cars on its network. It is alleged that the Informant's revenue has dropped from Rs. 23 Lakhs per month to about Rs. 9.5 Lakhs per month leading to huge financial loss to it. The Informant has alleged that the above said conduct of the Opposite Party amounts to violation of the provisions of section 4(2)(a)(i) & (ii) of the Act.
8. Based on the above submissions, the Informant has prayed before the Commission to investigate the matter, to direct the Opposite Party not to indulge in predatory pricing and not to impose restrictive conditions on its drivers.
9. The Commission has perused the information, additional information and the materials available on record and also heard the counsel appearing for the Informant.



10. From the facts and circumstances of the case it appears that the Informant's allegations pertain to the fact that its competitor *i.e.*, the Opposite Party is offering various alleged unrealistic discounts and rates to lure the customers and unviable incentives to its drivers thereby resulting in business loss to it. Further, it is alleged that such conduct of the Opposite Party is resulting in ousting the existing players out of the market and creating entry barriers for the potential players.
11. Since the case relates to the alleged abuse of dominant position by the Opposite Party, the relevant market is to be delineated first before proceeding to assess the position of dominance of the Opposite Party and its alleged abusive conduct.
12. With regard to the relevant market, the Informant has submitted that the radio taxi market in recent times has emerged as a separate and distinct market independent of other modes of transport. Its features include convenient booking through the personal devices such as telephone/ computer/ mobile apps, tracking of the booked taxi, payment through card or cash, transparent pricing *etc.* Further, the services provided by the radio cab operators are not interchangeable with other modes of transport, not even with kerb or yellow-black hail taxis due to the specialized, beneficial and unique nature of additional set of services provided by the operators. Therefore, as per the Informant, the relevant product market in this case would be the market for '*Radio Taxi services*'.
13. The Commission observes that while defining the relevant product market different options available to consumers to travel from one point to another within the city is to be seen from the substitutability point of view. On the basis of effective substitutability, the Commission is convinced that radio cabs are different from other modes of transport in many respects. Convenience in terms of time saving, point-to-point pick and drop, pre-booking facility, ease of availability even at obscure places, round the clock availability, predictability in terms of



expected waiting/ journey time *etc.* are some of the characteristics of radio taxi which may not be available in the case of other modes of road transport. There is a dedicated category of commuters who use radio cabs, especially executives, professionals, tourist *etc.* who will not switch to auto-rickshaws or buses under normal circumstances even though they have to pay a little higher than the other modes of transport. Further, it may be noted that unlike other cab services, radio cabs are available just a click away in their booking websites and applications (apps) on phones. They are also equipped with GPS enabled tracking devices that allows them to be tracked by the respective companies. Another feature is that commuters have the option to make the payment either through cash or card. Such facility is not available with the ordinary taxi service providers. Considering the above, the Commission is of the view that the market for '*Radio Taxi services*' would be the relevant product market in the instant case.

14. With regard to the relevant geographic market, the Informant has submitted that in each city, the operations of radio cabs are restricted to city limits and they do not go beyond the boundaries of the city. That each city would be a separate relevant geographic market in itself for the simple reason that the customer desirous of taking a taxi for travel within a city would have to rely upon existing radio cab operators within the city itself. Therefore, the Informant has submitted that the city of Bengaluru would be the relevant geographic market in this case. The Commission is in agreement with the Informant's submission to the extent that the customer desirous of travelling within a city would have to rely upon existing transport services available to them within the geographic market. The alternative of opting such services from a company beyond their city limit would also not be feasible, not only for the consumers but also for the company offering such services because of factors such as distance, cost, *etc.* Therefore, the relevant geographic market to be considered in this case is the *city of Bengaluru*. Based on the delineation of the relevant product market and relevant geographic market as



discussed above, the Commission is of the view that the relevant market to be considered in the present case is the market for ‘Radio Taxi services in the city of Bengaluru’.

15. On the issue of dominance, the Informant has placed reliance on various factors such as market share derived on various counts such as number of trips per day, active fleet size, availability of cars *etc.* to show the Opposite Party’s dominance in the relevant market. Further, the Commission has also taken note of the recent acquisition of another taxi service provider *i.e.*, Taxi For Sure by the Opposite Party in the same relevant market, pursuant to which its market share in the relevant market has increased to 69%. Though high market share is not the only factor to be considered for assessment of dominance of the Opposite Party in the relevant market, the Commission notes that the Opposite Party has achieved such a high market share within 3 to 4 years of its operations, indicating a strong market position of the Opposite Party in the relevant market. Based on the above, the Commission is of the *prima facie* opinion that the Opposite Party holds a dominant position in the market of ‘Radio Taxi services in the city of Bengaluru.’
16. The Informant has raised several allegations pertaining to restriction on taxi drivers, incentives/ loyalty rebate offers, predatory discounts to customers *etc.* The Commission notes that the conduct of the Opposite Party especially with regard to offering huge discounts to its customers and incentives to the drivers at the cost of bearing losses appears to be a strategy designed to exclude other players out of the relevant market. The Informant has alleged that because of below the cost pricing strategy adopted by the Opposite Party, it has lost business.
17. Though the Commission is not concerned with individual players getting excluded from the market on grounds of inefficiency, but the exclusion created because of abusive practices of a dominant entity in a relevant market is covered



under section 4 of the Act. It may be noted that section 4(2)(a)(ii) proscribes imposition of unfair price in purchase or sale (including predatory price) of goods or service as a violation of the provisions of the Act. It is observed from the material placed on record that the Opposite Party is spending more money on discounts and incentives (apart from the variable costs it may be incurring) on customers and drivers compared to the revenue it earning. It is also observed that, per trip, the Opposite Party is spending around Rs. 574 while earning an average revenue of Rs. 344 leading to a direct loss of Rs. 230 per trip. While the propriety of these figures is a subject matter of investigation, *prima facie*, the Commission is of the view that, they indicate predatory pricing aimed to oust other players from the relevant market.

18. In view of the allegations projected in the information and the observations made as detailed above, *prima facie*, the Commission is of the opinion that the conduct of the Opposite Party amounts to abuse of dominant position within the meaning of section 4 of the Act.
19. Accordingly, the Commission, as per the provisions of section 26(1) of the Act, directs the Director General (hereinafter, the 'DG') to cause an investigation into the matter and to complete the investigation within a period of 60 days from receipt of this order. During the course of the investigation, the DG shall also investigate the conduct of officials of the Opposite Party for fixing liability with respect to contravention of the Act in case the Opposite Party is found to have violated the provisions of the Act.
20. It is, however, made clear that nothing stated herein shall tantamount to an expression of final opinion on the merits of the case and the DG shall conduct the investigation without being influenced by any observations made herein.





21. The Secretary is directed to send a copy of this order alongwith the information and the documents filed therewith to the Office of the DG forthwith.

22. It is ordered accordingly.

**Sd/-**  
**(Ashok Chawla)**  
**Chairperson**

**Sd/-**  
**(S. L. Bunker)**  
**Member**

**Sd/-**  
**(Sudhir Mital)**  
**Member**

**Sd/-**  
**(Augustine Peter)**  
**Member**

**Sd/-**  
**(U. C. Nahta)**  
**Member**

**Sd/-**  
**(M. S. Sahoo)**  
**Member**

**New Delhi**

**Dated: 24/04/2015**

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