

***In Re: Glass Manufacturers of India (“Glass Manufacturers”)***<sup>1</sup>**Facts:**

The present matter relates to suo-moto cognizance taken by the erstwhile Monopolies and Restrictive Trade Practices Commission (“**MRTPC**”) on the basis of an article published in the magazine ‘The Outlook Business’ alleging cartel like practices of leading Indian manufacturers of float glass.

It was alleged in the article that the float glass manufacturers have been operating as a cartel since the mid-1990s and have been increasing prices and controlling supplies in the domestic market. Further their constant concerns over cheaper Chinese imports are just part of the strategies to ensure that imports do not impair their ability to control the domestic prices.

The article further mentions that it has been alleged by the glass importers that in mid-nineties a series of spikes in float glass prices was due to the concerted action of the three glass manufactures which led to imports from China and Indonesia. The All India Glass manufacturing Association (“**AIFGMA**”) took the matter of the said imports of float glass from China and Indonesia to the erstwhile Monopolies and Restrictive Trade Practices Act, 1969 (“**MRTP Act**”). The matter went upto the Hon'ble Supreme Court wherein it was held that MRTPC could not stop the imports.

Consequent upon the repeal of MRTP Act, the case was received on transfer by the CCI under section 66(6) of the Competition Act.

The CCI having formed an opinion that that there exists a prima-facie case, directed the Office of DG vide its order dated 19.05.2010 under section 26(1) of the Act, to conduct investigation into the matter.

**Issues:**

Issues were not framed as the DG concluded that no case of violation of section 3 of the Act is established.

**Ratio:**

According to DG, *“the allegation in the matter appears to be based chiefly on the assumption of the parties affected by the imposition of the anti-dumping duties and there is no evidence on record that the domestic manufacturers had indulged in cartelization. DG has concluded that as suspected in the article published, increase in price of float glass due to cartelization during the period of investigation does not get substantiated. In fact, DG has noted that the float glass industry is having strong growth trend and in less than two years of their entry, the new players have gained a market share of around 30%”.*

DG has also come to the conclusion that *“the increase in market share of new entrants in float glass industries in a relatively very short period is a good indicator of healthy competition in the market. The increasing trend in prices appears to be on*

---

<sup>1</sup>MRTP Case No. 161 of 2008 decided on January 24, 2012

*account of rising cost of inputs, basically raw materials, fuel and energy. However, factors like healthy competition and pressure from imports have kept rising prices in check”.*

*DG in the course of investigation also analyzed, “price parallelism in the clear float glass segment which accounts for approx. 60-62% of the float glass market, by undertaking correlation exercise for the two variables- absolute prices and percentage change in prices of clear float glass. DG has noted that in terms of average monthly prices, there is very high positive correlation among the prices of clear float glass of established and some of the new players. Among the new players too, it has been seen that prices are highly correlated, although in case of one of the new players, there is also a very low or negative correlation between its prices and those of the other players”.*

*DG has also concluded that the “float glass companies have been supplying their products all over the country and not restricting their supplies to select regions. Further, as could be seen from the invoices of the processors seen during investigation, the processors are free to procure glass from all the manufacturers including the new glass manufacturers. Hence, no evidence of cartel in terms of allocation of market could also be found during the course of investigation”.*

*Thus the DG concluded, “that no case of violation of provisions of section 3 was made out in the matter for the period under investigation. The CCI agreed with this finding and stated that in the absence of any evidence of determination of price, limit on supply or production of supplies in the market or sharing/ allocation of market arising out of any agreement or action in concert there was no reason to disagree with the findings of DG”.*