

## CCP's show cause notice to IMC disposed

**By our correspondent**

ISLAMABAD: The Competition Commission of Pakistan (CCP) has disposed of a show cause notice issued to the Indus Motor Company Limited (IMC) after its compliance with the provisions of the Competition Act, 2010 by addressing the concerns related to the booking order, The News has learnt.

The customers had raised concerns about the booking order issued by the Indus Motor Company for the purchase of a new car.

The CCP, after scrutiny of the booking order, found the terms and conditions unfair. The commission, therefore, had issued a show cause notice to the company.

However, during the course of hearing, the IMC had requested the bench sometime to amend the terms and conditions of its booking order and submitted a revised draft of the booking order in line with the competition laws.

Initially, the IMC had sole and absolute discretion to accept or reject the request of the cancellation by a buyer. And, if for some reasons the company failed to deliver the vehicle on

time the buyer could not cancel the contract. A buyer was bound to take delivery of the vehicle on full payment.

According to the rectified document, a customer can now cancel the order in case of an unsatisfactory change in price or delivery schedule without bearing extra charges.

The compulsion on a buyer to accept increased cost, new requirements, and reduced benefits has been removed in the new terms and conditions.

Earlier, the managing director of the IMC was to give a decision on a dispute between the carmaker and a customer. Now, an arbitrator will be responsible to resolve the matter under the arbitration Act 1940 of Pakistan.

As per the old terms and conditions, Indus Motors held the sole right to change the design and construction specification without any notice to buyers.

Now, the company may make minor alteration to the design and construction specification of the vehicle as required by any federal and/or provincial legislation. A new policy said the company can revise the prices only when there is a currency fluctuation and/or changes in levies and taxes.

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# CCP disposes of show cause notice issued to Indus Motor

ISLAMABAD: The Competition Commission of Pakistan (CCP) has disposed of a show cause notice issued to Indus Motor Company Limited after compliance by the company with the provisions of the Competition Act 2010 by addressing competition concerns in the Booking Order.

CCP received concerns raised by customers regarding the Booking Order issued by Indus Motor Company for purchase of a new car. Scrutiny of Booking Order revealed that terms and conditions mentioned therein appear to be unfair trading conditions imposed on customers in terms of Section 3(3)(a) of the Competition Act 2010. Indus Motor Company Limited was issued show cause notice in this regard.

During the course of hearing, M/s Indus Motor Company Limited requested the bench to allow them to

amend the terms and conditions of its booking order and submitted a revised draft of Booking Order in compliance of the provisions of the Competition Act. Terms and conditions which have been rectified by M/s Indus Motor Company Limited include the following:

## CANCELLATION RIGHTS

Regarding cancellation of booking, initially the Indus Motor had sole and absolute discretion to accept or reject the request of cancellation by the buyer. If for some reasons Indus Motors failed to deliver the vehicle as ordered or on time, the buyer could not cancel the contract. It was at the entire discretion of the Indus Motor and the buyer would be bound to take delivery of the vehicle on full payment for the same. Cancellation right is an important tool that creates balance among the parties. Indus Motors has rectified this imbalance not only by relinquish-

ing its unilateral right to reject the request for cancellation by the buyer but also waiving off any charges in case the application for cancellation is based on an unsatisfactory change in price or delivery schedule.

Such rectification made by Indus Motors has put the consumer at an equal footing with regard to the aspect of cancellation by leaving room for the customer to cancel the booking at no extra expense if the consumer is not satisfied with any changes made in the initial agreement pertaining to price or delivery schedule.

## Right to the Alter Terms

Under the original PBO, Indus Motor had the sole right to alter some or all terms and conditions of PBO and also the right to interpret them conclusively. Having such a clause in the contract can be used to force the buyer to accept increased costs, new requirements, or reduced benefits, and

is therefore considered unfair whether or not it is meant to be used in that way. This clause has been completely removed from the revised draft PBO.

## DISPUTE RESOLUTION

Similarly, another condition whereby any dispute between the customer and Indus Motor company was to be conclusively decided by the Managing Director of Indus Motors has been amended to refer such dispute to an Arbitrator to resolve and settle the matter under the Arbitration Act 1940 of Pakistan, thus giving fair and equal right to both parties i.e. the buyer and Indus Motor.

## Change in Design/Specification without Notice

Initially, Indus Motors held the sole right to change the design, construction specification without notice to buyers. Such clause gave power to Indus Motor to substitute something different for what it has actually agreed

to supply. During the hearing it was explained to the bench that change in specifications of the vehicle could take place due to constant advancement in technology or under the direction of the government. In light of this discussion, PBO was revised which specifically mentions that Indus Motor may make minor alterations to the design and construction specification of the vehicle, and make such alterations in the vehicle as required by any federal or provincial legislation.

## RIGHT TO CHANGE PRICE WITHOUT NOTICE

Indus Motor had the sole right to change price of the vehicle without notice to buyer at the time of delivery. This clause created uncertainty as to price and buyer was not sure of how much extra amount is to be paid at the time of delivery for getting what he or she has been promised even though the consideration has already been

paid. This lacuna has been removed by explicitly mentioning in the revised draft PBO that revision of prices would only be subject to a change, if any, in government levies/taxes or currency fluctuation.

CCP is geared to create a level playing field for all businesses in the country. Shaping a constructive, effective and responsive competition regime will require the commitment and contribution by all parties. CCP is appreciative of prompt response and diligent efforts by M/s Indus Motors Company Limited to resolve the issue in compliance with the Competition Act.

Since its establishment, CCP has been focused on corrective behavior, a positive outcome of which is that businesses are rectifying their anti-competitive practices/behaviour and are integrating competition compliance into their corporate governance framework.—PR

## CCP ensures compliance by Indus Motor Co

STAFF REPORTER

ISLAMABAD—The Competition Commission of Pakistan (CCP) has disposed off a show cause notice issued to Indus Motor Company Limited after compliance by the company with the provisions of the Competition Act, 2010 by addressing competition concerns in the Booking Order.

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therein appear to be unfair trading conditions imposed on customers in terms of Section 3(3)(a) of the Competition Act, 2010. Indus Motor Company limited was issued Show Cause Notice in this regard.

During the course of hearing, M/s Indus Motor Company Limited requested the Bench to allow them to amend the terms and conditions of its booking order and submitted a revised draft booking order in compliance of the provisions of the Competition Act. Terms and conditions which have been rectified by M/s Indus Motor Company Limited include the fol-

lowing:

Regarding cancellation of booking, initially the Indus Motor had sole and absolute discretion to accept or reject the request of cancellation by the buyer. If for some reasons Indus Motors failed to delivered the vehicle as ordered or on time, the buyer could not cancel the contract. It was at the entire discretion of the Indus Motor and the buyer would be bound to take delivery of the vehicle on full payment for the same. Cancellation right is an important tool that creates balance among the parties. Indus Motors has

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## CCP ensures compliance

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rectified this imbalance not only by relinquishing its unilateral right to reject the request for cancellation by the buyer but also waving off any charges in case the application for cancellation is based on an unsatisfactory change in price or delivery schedule.

Such rectification made by Indus Motors has put the consumer at an equal footing with regard to the aspect of cancellation by leaving room for the customer to cancel the booking at no extra expense if the consumer is not satisfied with any changes made in the initial agreement pertaining to price or delivery schedule.

Under the original PBO, Indus Motor had the sole right to alter some or all terms and conditions of PBO and also the right to interpret them conclusively. Having such a clause in the contract can be used to force the buyer to accept increased costs, new requirements, or reduced benefits, and is therefore considered unfair whether or not it is meant to be used in that way. This clause has been completely removed from the revised draft PBO.

## Provisions of competition law

# CCP satisfied with compliance by IMC in 'booking order'

Staff Report

**ISLAMABAD:** The Competition Commission of Pakistan (CCP) has disposed of a show-cause notice issued to Indus Motor Company (IMC) after compliance by the company with the provisions of the Competition Act, 2010 by addressing competition concerns in the booking order.

CCP received concerns raised by customers regarding the booking order issued by IMC for purchase of a new car. Scrutiny of booking order revealed that terms and conditions mentioned therein appear to be unfair trading conditions imposed on customers in terms of Section 3(3)(a) of the Competition Act, 2010. IMC was issued a show-cause notice in this regard.

During the course of hearing, IMC requested the bench to allow them to amend the terms and conditions of its booking order and submitted a revised draft booking order in compliance of the provisions of the Competition Act.

IMC rectified the terms and conditions.

### Cancellation rights:

Regarding cancellation of booking, initially the IMC had sole and absolute discretion to accept or reject the request of cancellation by the buyer. If for some reasons IMC failed to deliver the vehicle as ordered or on time, the buyer could not cancel the contract. It was at the entire discretion of the IMC and the buyer would be bound to take delivery of the vehicle on full payment for the same. Cancellation right is an important tool that creates balance among the parties. IMC has rectified this imbalance not only by relinquishing its unilateral right to reject the request for

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**Right to the alter terms:** Under the original PBO, IMC had the sole right to alter some or all terms and conditions of PBO and also the right to interpret them conclusively. Having such a clause in the contract can be used to force the buyer to accept increased costs, new requirements, or reduced benefits, and is therefore considered unfair whether or not it is meant to be used in that way. This clause has been completely removed from the revised draft PBO.

### Dispute resolution:

Similarly, another condition whereby any dispute between the customer and IMC was to be conclusively decided by the IMC managing director has been amended to refer such dispute to an arbitrator to resolve and settle the matter under the Arbitration Act 1940 of Pakistan, thus giving fair and equal right to both parties - the buyer and IMC.

### Change in design/specification without notice:

Initially, IMC held the sole right to change the design, construction specification without notice to buyers. Such clause gave power to IMC to substitute something different for what it has actually agreed to supply. During the hearing it was

explained to the bench that change in specifications of the vehicle could take place due to constant advancement in technology or under the direction of the government. In light of this discussion, PBO was revised which specifically mentions that IMC might make minor alterations to the design and construction specification of the vehicle, and make such alterations in the vehicle as required by any federal and/or provincial legislation.

### Right to change price without notice:

IMC had the sole right to change price of the vehicle without notice to buyer at the time of delivery. This clause created uncertainty as to price and buyer was not sure of how much extra amount is to be paid at the time of delivery for getting what he or she has been promised even though the consideration has already been paid. This lacuna has been removed by explicitly mentioning in the revised draft PBO that revision of prices would only be subject to a change, if any, in government levies/taxes and/or currency fluctuation.

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**N**  
**OUR STAFF REPORTER**  
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Indus Motor had the sole right to change price of the vehicle without notice to buyer at the time of delivery. This clause created uncertainty as to price and buyer was not sure of how much extra amount is to be paid at the time of delivery for getting what he or she has been promised even though the "consideration" has already been paid. This lacuna has been removed by explicitly mentioning in the revised draft PBO that revision of prices would only be subject to a change, if any, in Government levies/taxes and/or currency fluctuation.

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## مسابقت کمشن نے انڈس موٹر کمپنی کیخلاف شوکار نوٹس نمٹایا

اسلام آباد (نمائندہ خصوصی) مسابقت کمشن نے انڈس موٹر کمپنی کی طرف سے ہدایات پر عملدرآمد کے بعد کمپنی کے خلاف شوکار نوٹس نمٹا (صفحہ 10 بقیہ 50)

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مسابقت کمشن

بقیہ

دیا۔ مسابقت کمشن کے انڈس موٹر کمپنی کے بکنگ کے طریقہ کار کے بارے میں شکایات ملی تھیں۔ کمپنی نے کمشن کے روبرو ہدایات کی روشنی میں نظر ثانی شدہ بکنگ آرڈر کا مسودہ پیش کیا۔