

Penalties on OYO, MakeMyTrip, GoIbibo biggest win for hospitality sector: FHRAI

With the Competition Commission of India (CCI) imposing penalties of INR 223.48 crores and INR 168.88 crores on MMT-Go (GoIbibo and MakeMyTrip) and OYO, respectively, for anti-competitive conduct, the Federation of Hotel and Restaurant Associations of India (FHRAI) described it as “one of the biggest wins for the hospitality industry against the dominance of the aggregators”.

Reacting to the development, FHRAI Executive Committee member and Hotel and Restaurant Association of Western India (HRAWI) President Mr. Pradeep Shetty said that it was on the basis of their complaint that OYO and Go-MMT were being investigated upon.

“Based on the complaints filed by us back in 2019, Oyo and Go-MMT were under investigation by the CCI for indulging in anti-competitive conduct. The CCI had then identified a case for investigations into both the entities’ business practices under Section 26(1) of the Competition Act, 2002. Today, the CCI has imposed penalties of INR 223 crore and INR 168 crore on Go-MMT and Oyo for anti-competition practices,” FHRAI said in a statement.

“This is by far one of the biggest wins for the hospitality industry against the dominance of the aggregators. We also see this as a major verdict that will go a long way in disciplining the OTAs and saving the Industry,” it added.

The actions of Go-MMT and Oyo have individually as well as collectively caused immense damage to hotels across all segments. These entities indulge in deep discounting, unfair business practices, dominant positioning and unilateral agreements, among other unethical business practices, FHRAI said.

Singling out OYO, FHRAI said that it was “especially responsible for the systemic depredation of the budget segment hotel business and its market as a means to achieve a notional billion-dollar valuation. This is a serious cause of

concern for the hospitality ecosystem of our country. We hope that this will also serve as an eye opener for investors and the regulatory bodies about OYO, which is proposed to go public”.

Earlier, the CCI had also directed MMT-Go to amend its market behaviour, for indulging in anti-competitive conduct. The monetary as well as behavioural sanctions on MMT-Go (MakeMyTrip and GoIbibo) have been imposed by CCI for abusing its dominant position and also for having anti-competitive arrangement with OYO (Oravel Stays Ltd). Monetary penalty was also imposed on OYO for its anti-competitive arrangement with MMT-Go through which MMT-Go delisted the competitors of OYO from its online portals in 2018.

A major allegation against MMT-Go was that it imposed a price parity in their agreements with hotel partners. Under such agreements, the hotel partners are not allowed to sell their rooms on any other platform or on its own online portal at a price below the price at which it is being offered on the two entities' platforms.

It was also alleged that OYO was given preferential treatment by MMT on its platform, resulting in blocking of market access to other players.