

## CCI DECIDES TWO MORE LESSER PENALTY CASES RELATING TO TENDERS OF PUNE MUNICIPAL CORPORATION<sup>1</sup>

The Competition Commission of India ('CCI') passed final order in two cases involving bid rigging/collusion in three tenders floated by Pune Municipal Corporation for "Design, Supply, Installation, Commissioning, Operation and Maintenance of Municipal Organic and Inorganic Solid Waste Processing Plant(s)". These cases were taken up by CCI *suo motu* under Section 19 of the Act based on the disclosure by firms under Section 46 of the Competition Act, 2002 ('the Act') read with the Competition Commission of India (Lesser Penalty) Regulations, 2009 ('Lesser Penalty Regulations'). All firms in these cases had approached CCI as lesser penalty applicants.

While in one case, the tenders pertained to the financial year 2013-14, in other case the tender pertained to financial year 2014-15. From the evidence gathered during investigation, CCI found that there was bid rigging/ collusive bidding in the Tender nos. 21 and 29 of 2013 and Tender no. 59 of 2014 floated by Pune Municipal Corporation for Solid Waste Processing Plant(s), in contravention of Section 3(3)(d) read with Section 3(1) of the Act by way of submitting proxy/ cover bids.

In case involving tender floated in financial year 2013-14 penalty was imposed on four firms in terms of Section 27 (b) of the Act at the rate of 10 percent of their average turnover for the years 2011-12, 2012-13 and 2013-14 *i.e.* three years preceding the year in which collusion took place. An amount of INR 46.45 Lakhs was imposed on Saara Traders Pvt. Ltd. (Saara), INR 33 Lakhs on Ecoman Enviro Solutions Pvt. Ltd. ('Ecoman'), INR 11 Lakhs on Fortified Security Solutions ('Fortified') and INR 26.40 Lakhs on Raghunath Industry Pvt. Ltd. ('Raghunath'). The penalty was also imposed on individual officials of three firms *namely* Saara, Ecoman and Raghunath at the rate of 10 percent of their average income for the same three years. No penalty was imposed on individual of Fortified as it is a proprietorship firm. Further, in view of penalty already levied in Case no. 50 of 2015 for infringement during the period 2014-15, no penalty was levied in case involving tender floated in financial year 2014-15.

Keeping in view the *modus operandi* of the cartel, the stage at which the lesser penalty application was filed, the evidences gathered by the DG independent of lesser penalty application and co-operation extended in conjunction with the value addition provided in establishing the existence of cartel, CCI granted 50 percent reduction in penalty to Saara and its individuals than otherwise leviable. Pursuant to reduction, penalty imposed on Saara was INR 23.22 Lakh and INR 74,513 on its individual.

## NEW BENAMI TRANSACTIONS INFORMANTS REWARD SCHEME, 2018 LAUNCHED BY THE INCOME TAX DEPARTMENT<sup>2</sup>

*To get people's participation in the Income Tax Department's efforts to unearth black money and to reduce tax evasion*

It was found in many cases that black money was invested in properties in the names of others, even though benefits were enjoyed by the investor concealing his beneficial ownership in his tax returns. The Government had earlier amended Benami Property Transactions Act, 1988, by Benami Transactions (Prohibition) Amendment Act, 2016 to make the law stronger. **With the objective of obtaining people's participation in the Income Tax Department's efforts to unearth black**

<sup>1</sup> Available at: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1534055>

<sup>2</sup> Available at: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1534062>

money and to reduce tax evasion, a new reward scheme titled “**Benami Transactions Informants Reward Scheme, 2018**”, has been issued by the Income Tax Department. This reward scheme is aimed at encouraging people to give information about benami transactions and properties as well as income earned on such properties by such hidden investors and beneficial owners.

Under the **Benami Transactions Informants Reward Scheme, 2018**, a person can get reward up to Rs. One crore for giving specific information in prescribed manner to the Joint or Additional Commissioners of Benami Prohibition Units (BPUs) in Investigation Directorates of Income Tax Department about benami transactions and properties as well as proceeds from such properties which are actionable under Benami Property Transactions Act, 1988, as amended by Benami Transactions (Prohibition) Amendment Act, 2016.

Foreigners will also be eligible for such reward. Identity of the persons giving information will not be disclosed and strict confidentiality shall be maintained.

Details of the reward scheme are available in the **Benami Transactions Informants Reward Scheme, 2018**, copy of which is available in Income Tax offices and on the official website of Income Tax Department [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in).

**Team ICSI**

*Disclaimer : The information in the Info Capsules is developed according to the information available in public domain and for academic purposes only. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.*