Dealership termination, even if commercially harsh, does not by itself become a competition law violation unless there is material showing an anti-competitive agreement causing appreciable adverse effect on competition under Section 3(4), or dominance and abuse under Section 4 of the Competition Act, 2002

The **Competition Commission of India (CCI)** in the case of **Rajeev Bakshi vs Nissan Motor India [Case No. 09 of 2026] dated July 07, 2026**, has held that a dealership termination, even if commercially harsh, does not by itself become a competition law violation unless there is material showing an anti-competitive agreement causing appreciable adverse effect on competition under Section 3(4), or dominance and abuse under Section 4 of the Competition Act, 2002. Where the dealer is free in practice to take another competing dealership, where the agreement permits discounting below Maximum Recommended Retail Price (MRRP), and where the manufacturer holds less than 1% market share in the relevant market for sale and distribution of passenger cars in India, no prima facie case arises under Sections 3(4) or 4 of the Competition Act.

The Commission noted that for Section 3(4) of the Competition Act, 2002 to apply, there must be an agreement, and here the relationship was governed by the dealership agreement. It examined the allegation that the agreement had imposed exclusivity, which restricted the dealer from dealing in other new motor vehicles or spare parts without Nissan's written consent.

On facts, the Commission found that the informant had not produced evidence to show that Nissan actually prevented it from acquiring competing dealerships. On the contrary, material in the public domain showed that the informant had acquired another dealership with VinFast while the Nissan dealership was still subsisting. On that basis, the Commission held that the allegation of exclusive dealership or unlawful restriction under Section 3(4) lacked substance.

Since the dealership agreement expressly allowed the dealer to sell at a price lower than the MRRP, and there was no restriction on minimum resale price or discounting, the Commission held that the allegation of resale price maintenance was not made out. On refusal to deal, the Commission held that the dealership had been terminated under Clause 16 of the agreement, which allowed either party to terminate the agreement during its subsistence by giving 90 days' notice, without assigning reasons. The Commission treated the cancellation of the dealership as a standard commercial dispute and observed that freedom of contract and selection of trading partners are normal business practices and not, by themselves, anti-competitive conduct.