Probe against Delhi Development Authority

Why in news?

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The Competition Commission of India (CCI) has ordered an investigation against the Delhi Development Authority (DDA) for alleged abuse of its dominant position in the market for the development and sale of residential plots in Delhi.

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Delhi Development Authority:

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- The **Delhi Development Authority** was created in 1955 under the provisions of the Delhi Development Act "to promote and secure the development of Delhi”
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What Delhi Development Authority has done?

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- The informant had applied for a residential plot under a DDA plot scheme in 1981.
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- The allotment of plots was to be done in a phased manner, spread over a period of 5 years through draw of lots amongst the eligible applicants.
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- DDA did not conduct the draw of lots and no allotment was done for a period of 31 years.
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- DDA held draws for allotment lots (after 31 years) in 2012 which too was conducted only after the direction of the Delhi High Court.
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- In 2014, it issued letters of allotment to some applicants under the scheme but failed to handover possession.
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- DDA had also revised the price of the plots, asking for **"an arbitrary price for the allotted plot which is 116 times higher than the price given in the initial brochure".**
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Competition Commission of India (CCI):

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- Competition Commission of India is a body of the Government of India responsible for enforcing the **Competition Act, 2002** throughout India and to prevent activities that have an appreciable adverse effect on competition in India. It was established on 14 October 2003.
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What CCI says?

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- The commission, in a preliminary view, said the DDA was found to be abusing its dominant position by formulating unfair terms of agreement, through disproportionate pricing, and delaying the allotment of flats.
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- As per the CCI, there exists a prima facie case of contravention of the provisions of Section 4 of the Act" and that it found the case fit for investigation by the director general (DG) of the commission. Section 4 of the Competition Act, 2002 pertains to abuse of dominant position by a party.
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- The commission observed that the issue requires an examination of the overall conduct of the DDA in dealing with the buyers under the scheme.
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- Considering that DDA is a public body, the commission noted that "public bodies need to ensure that their conduct is compliant with competition law.
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- The commission noted that "there is no parity in the rate of escalation of the price to be paid by the allottees and the compensation being offered to them owing to the delay caused by the opposite party (DDA) although both relate to the same period".
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What action has been taken?

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- CCI directed the DG to initiate an investigation into the matter and file a report within 60 days from the date of receipt of the order.
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- It also said the director general shall also investigate the role of officials or persons who were in charge and responsible for the conduct of business.
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