

Foodpanda fined Tk10 lakh for unfair market practices

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Online Desk: The Bangladesh Competition Commission (BCC) has levied a Tk10 lakh fine on Foodpanda, an online food and grocery delivery platform, for violations of the Competition Act. This decision was made on Monday, following an investigation into allegations of unfair market practices.

The penalty is a consequence of a complaint lodged by MGH Restaurants Pvt Ltd in December 2020. MGH Restaurants accused Foodpanda of abusing its dominant position in the market and engaging in unfair practices within the food delivery sector. The complaint specifically cited sections 16(1) and 16(2) of the Competition Act.

Pradip Ranjan Chakraborty, Chairperson of the Bangladesh Competition Commission told the Daily Star that the verdict was declared on Monday. During the commission's long-time investigation, it found that Foodpanda Bangladesh abusing its dominant position in the local market, he said.

"Foodpanda is aware of the recent order passed by the Bangladesh Competition Commission," said Foodpanda in an official statement. "We are reviewing the order thoroughly and intend to appeal against this decision in accordance with due process of law," the statement reads.

The crux of the complaint against Foodpanda centred around allegations that the company, capitalising on its market dominance, threatened to increase commission rates and reduce the delivery radius for its partners, including MGH Restaurants. These actions, the complaint alleges, were contrary to the terms of the agreement signed between MGH Restaurants and Foodpanda Bangladesh back in 2018.

Despite pleas from MGH Restaurants, seeking to avoid an increase in commission rates and a reduction in delivery radius in light of their precarious financial situation as an aftermath of the Covid-19 pandemic, Foodpanda reportedly proceeded with these changes. This led to MGH Restaurants being arbitrarily and illegally reduced in terms of delivery radius and suspended from the online platform, violating the existing agreement, as per the details of the complaint.

Acting on the complaint lodged on 24 December 2020, the BCC conducted a thorough investigation into these allegations. As a result of this inquiry, the regulatory authority not only imposed the fine but also issued directives to Foodpanda. One key directive also prohibits Foodpanda from preventing restaurants from forming partnerships with other delivery platforms.