



COMPETITION ACT

Food Safety or Competition Issue? CCI Draws the Line in Maggi Sauce Case

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Introduction

The Competition Commission of India (CCI) has dismissed a complaint filed against Nestle India Limited, which alleged that the company's factory in Bicholim, Goa, used dirty water in the production of Maggi Sauce. The case titled Sarvesh M. Kolumbkar v. Nestle India Limited, was closed under Section 26(2) of the Competition Act, 2002, as the Commission found no prima facie contravention of the Act. The allegations primarily related to food safety and hygiene rather than any competition law violations.

The complainant, Sarvesh M. Kolumbkar, alleged that Nestle used contaminated water from an unapproved extraction source and affixed false labels suggesting the sauce was hygienically produced. He further claimed that these actions violated both the Food Safety and Standards Act, 2006, and constituted abuse of dominance under Section 4 of the Competition Act. The informant sought an investigation into what he termed a long-standing "Maggi Sauce scam" and requested interim relief under Section 33, including restraining certification bodies from granting approvals to the company.

Analysis

Upon reviewing the information and evidence presented, the Competition Commission of India observed that the allegations did not reveal any competition law issue. The Commission clarified that the claims centered on food safety, hygiene, and product labelling, which fall under the jurisdiction of the Food Safety and Standards Authority of India (FSSAI), not the CCI.

The CCI elaborated on the scope of Section 4 of the Competition Act, 2002, which defines abuse of dominant position. Such abuse typically includes:

- Imposing unfair or discriminatory conditions or prices;
- Limiting production or technical development; or
- Denying market access to competitors.

In this case, the alleged use of dirty water, mislabelling, and violation of food safety norms did not amount to any of these anti-competitive practices. There was no evidence suggesting that Nestle's conduct affected market competition or that the company used its market position to restrict competitors or exploit consumers.

Consequently, the Commission found no prima facie case of contravention of the Competition Act and dismissed the complaint under Section 26(2). It also declined the informant's request for interim relief under Section 33, as no competition issue was established. The CCI categorically stated:

"There is no competition issue arising out of the present case and thus, the matter is closed forthwith under the provisions of Section 26(2) of the Act."

From a legal standpoint, the order reiterates that unethical or unsafe business practices do not automatically amount to abuse of dominance unless they have a direct and demonstrable impact on market competition. Issues of product safety, hygiene, and consumer protection fall within the scope of specialized regulators like the FSSAI, rather than the CCI.

The decision underscores the jurisdictional limits of the Commission and the importance of maintaining a clear distinction between competition law and consumer or food safety regulations. The CCI emphasized that its role is confined to ensuring market fairness and efficiency, and not to adjudicate on general consumer grievances or regulatory non-compliance.

Conclusion

By dismissing the complaint against Nestle India Limited, the CCI reaffirmed that the Competition Act, 2002, is intended to address anti-competitive conduct that distorts market dynamics, not issues of food safety or product quality. The Commission held that the allegations concerning the use of dirty water or false labelling of Maggi Sauce had no nexus with market dominance or competitive harm.

This order serves as a significant precedent in clarifying the boundary between competition law and sectoral regulation. It highlights that grievances related to public health, product contamination, or deceptive labelling must be directed to the appropriate authorities like the FSSAI, rather than the CCI.

Ultimately, the decision reinforces that the CCI's mandate is to preserve competition and consumer welfare through market efficiency, not to substitute or overlap with regulatory bodies governing food safety and standards.

Related Practice Areas

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