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Competition Commission of India (CCI)

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Why is in news? Competition Commission of India and the commitment to shaping a fair market environment

The dawn of Amrit Kaal marks an era of rapid technological advancements and global economic shifts. This series by The Indian Express aptly captures the spirit of this transformative period.

As the chairperson of the Competition Commission of India (CCI), I want to take this opportunity to share insights into the role our institution will play in navigating these complex changes.

India's journey since Independence has been a remarkable story, transitioning from a closed economy to one that is integral to the global market.

Today, we are at a pivotal juncture, facing both unprecedented challenges and opportunities.

The digital revolution, the rise of new business models, and the increasing interconnectedness of global markets define our current economic landscape. These changes, while promising, also bring forth new complexities that require oversight to ensure fair competition.

CCI:

The Competition Commission of India has been established to **enforce the competition law** under the **Competition Act, 2002**.

It comes under the **Ministry of Corporate Affairs**.

It should be noted that on the **recommendations of Raghavan committee**, the **Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act)** was repealed and **replaced by the Competition Act, 2002**.

The Commission consists of a **Chairperson and not more than 6 Members** appointed by the Central Government.

It is the **statutory duty** of the Commission to eliminate practices having an adverse effect on competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade carried on by other participants, in markets in India as provided in the Preamble as well as **Section 18 of the Act**.

The Commission is also mandated to give its opinion on competition issues to government or statutory authority and to undertake competition advocacy for creating awareness of competition law.

Advocacy is at the core of effective competition regulation.

Competition Commission of India (CCI), which has been entrusted with implementation of law, has always believed in complementing robust enforcement with facilitative advocacy.

It is a **quasi-judicial body**.

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CCI also approves combination under the act so that two merging entities do not overtake the market.

Functions and Role of CCI:

To **eliminate practices having adverse effects on competition**, protect the interests of consumers and ensure freedom of trade in the markets of India.

To **give opinion on competition issues** on a reference received from a statutory authority

To undertake competition advocacy, create public awareness and impart training on competition issues.

To make the markets work for the **benefit and welfare of consumers**.

Ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of the economy.

Implement competition policies with an aim to effectuate the most efficient utilization of economic resources.

Effectively carry out competition advocacy and spread the information on benefits of competition among all stakeholders to establish and nurture competition culture in the Indian economy.

Competition Act, 2002:

The Competition Act was passed in 2002 and has been amended by the **Competition (Amendment) Act, 2007**. It follows the **philosophy of modern competition laws**.

The Act **prohibits anti-competitive agreements**, abuse of dominant position by enterprises and regulates combinations, which causes an appreciable adverse effect on competition within India.

In accordance with the provisions of the Amendment Act, the **Competition Commission of India** and the **Competition Appellate Tribunal** have been established.

The government **replaced the Competition Appellate Tribunal (COMPAT) with the National Company Law Appellate Tribunal (NCLAT) in 2017**.

Powers of the CCI:

Section 20 of the Act empowers the competition commission of India to inquire about the acquisition or combination to understand if there is any appreciable adverse effect on competition. Reference of the issue by a statutory authority under **section 21**.

Section 33 empowers the issue of interim orders in case of an anti-competitive agreement.

Reference made by the CCI in the course of proceedings of its contraventions of the provision of the Competition Act of India.

Competition advocacy **section 49** of the act provides that the central or state government may reference the commission for the opinion. But that is not binding on the Government.

Benefits of CCI:

It acts as a **competition regulator, and an antitrust watchdog** for smaller organizations that are unable to defend themselves against large corporations. Thus its actions have been effective in ensuring competition which ultimately benefits the consumer and the economy.

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CCI has played **both administrative and quasi-judicial roles** to eliminate practices having adverse effects on competition, promote and sustain competition, protect the interests of end consumers and ensure freedom of trade in Indian markets.

The Commission has also come up with **several innovations** like the 'green channel' provision **for automated approval on combinations** which do not have appreciable adverse effect on competition, and cleared more than 50 of such transactions. Thus, the Commission while ensuring fairness, does support mergers which make economic sense.

CCI has conducted **several market studies** helping dynamics of market.

Challenges of the CCI:

Lack of Awareness: Many businesses and consumers may need to be fully aware of the competition laws and their rights. It leads to a need for more reporting of anti-competitive practices.

Proving Anti-Competitive Conduct: Establishing evidence of anti-competitive behaviour can be challenging, especially in cases where collusion or abuse of dominance is concealed.

Lengthy Legal Proceedings: Legal processes can be time-consuming. It led to delayed resolutions and enforcement actions.

Resource Constraints: The CCI may need more resource constraints, limiting its ability to handle many cases effectively.

Cross-Border Competition Issues: With the globalization of markets, the CCI may need help dealing with competition issues that span international borders.

Balancing Competition and Economic Development: Striking a balance between promoting competition and fostering economic development can be challenging, especially in sectors with potential trade-offs between the two.

Lack of Cooperation: The CCI may need help obtaining necessary information from businesses, hindering the investigation process.

Addressing E-commerce and Digital Markets: The rise of e-commerce and digital markets introduces new complexities in regulating competition and addressing issues like data privacy and platform dominance.

Limited Penalties: The current penalty provisions in the Competition Act may not act as sufficient deterrents for some companies engaged in anti-competitive practices.

Judicial Intervention: There could be instances of judicial intervention or challenges to the CCI's decisions, impacting the overall effectiveness of its enforcement.

Way forward:

The CCI has the ability to levy the highest economic penalties in India.

It is statutorily mandated to prevent practices that have adverse effect on competition.

However, the wide mandate exercised by the CCI emphasises the **need for the formulation of penalty guidelines** by the regulator. This is crucial now to serve as a barometer to guide industry.

The CCI has **nationwide relevance and in particular**, a majority of the CCI's matters originate in Mumbai.

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Given this, the Central Government should consider **setting up benches of the CCI** to expeditiously decide on competition cases.

This is also imperative in the interest of **facilitating wider access to justice and ease of doing business** in India.

Investing in research, building expertise in **new-age markets**, and **leveraging technology** for efficient enforcement will be key to our strategy.

Conclusion:

The journey ahead for India's economy is filled with immense possibilities.

CCI is committed to playing a pivotal role in shaping a market environment where competition thrives, innovation is encouraged, and consumer welfare is safeguarded.

As we mark 75 years of independence, CCI reaffirms its commitment to steering India's economic journey towards a future that is competitive, inclusive, and resilient