

Competition Commission of India (CCI)

Competition Commission of India – Objectives

The CCI acts as the competition regulator in India. The Commission was established in 2003, although it became fully functional only by 2009. It aims at establishing a competitive environment in the Indian economy through proactive engagement with all the stakeholders, the government, and international jurisdiction. The objectives of the Commission are:

1. To prevent practices that harm the competition.
2. To promote and sustain competition in markets.
3. To protect the interests of consumers.
4. To ensure freedom of trade.

How was the Competition Commission of India formed?

The CCI was established by the Vajpayee government, under the provisions of the **Competition Act 2002**.

1. The **Competition (Amendment) Act, 2007** was enacted to amend the Competition Act, 2002.
2. This led to the establishment of the CCI and the Competition Appellate Tribunal.
 - The **Competition Appellate Tribunal** has been established by the Central Government to hear and dispose of appeals against any direction issued or decision made or order passed by the CCI.
 - The government replaced the Competition Appellate Tribunal (COMPAT) with the [National Company Law Appellate Tribunal \(NCLAT\)](#) in 2017.

What is the Competition Act, 2002?

The Competition Act, 2002 was enacted by the Parliament of India and governs the Indian competition law. The Act received the presidential assent in 2003.

1. The **Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act)** was repealed and replaced by the [Competition Act, 2002](#).
 - This was done based on the recommendations of the Raghavan Committee.
2. The Act:
 - Prohibits anti-competitive agreements
 - Prohibits abuse of dominant position by enterprises and
 - Regulates combinations (acquisition, acquiring of control, and M&A), which can cause or is likely to cause an appreciable adverse effect on the competition within India.
3. The Act follows the philosophy of modern competition laws.

Why do we need Competition Laws?

Competition laws perform three main functions in society.

- 1. **To uphold free-enterprise:** the competition laws have been called the Magna Carta of free enterprise.
 2. **Security against market distortions:** there is a constant risk of various people resorting to market distortions and abusing their dominant positions to resort to anti-competitive activities, thus competition laws are required to ensure that the market is safe from the various distortions.
 3. **They also aid in the promotion of domestic industries:** Competition laws are required to ensure that the domestic industries do not get suppressed with an increase in globalization. They play a quintessential role in determining the viability of the domestic industries. However, to keep the Indian competition laws updated with the businesses of the digital world which include not many assets, the Indian government has established a Competition Law Review Committee.

Competition Commission of India – Members Composition

The members of the CCI are appointed by the Central Government. The Competition Commission of India is currently functional with a Chairperson and two members.

1. The Commission used to consist of one chairperson and a minimum of two members and a maximum of six members.
2. This has further been reduced to three members and one chairperson by the Cabinet. This move was taken to produce a faster turnaround in hearings and speedier approval, thereby stimulating the business processes of corporates and resulting in greater employment opportunities in the country.
3. The chairperson and the members are usually full-time members.
4. **The eligibility for the Commission:** The Chairperson and every other Member shall be a person of ability, integrity, and who, has been, or is qualified to be a judge of a High Court, or, has special knowledge of, and professional experience of not less than fifteen years in international trade, economics, business, commerce, law, finance, accountancy, management, industry, public affairs, administration or in any other matter which, in the opinion of the Central Government, may be useful to the Commission.

Competition Commission of India – Functions

The preamble of the Competition Act focuses on the development of the economy and the country by avoiding unfair competition practices and promoting constructive competition. The functions of the CCI are:

1. Ensuring that the benefit and welfare of the customers are maintained in the Indian Market.
2. An accelerated and inclusive economic growth through ensuring fair and healthy competition in the economic activities of the nation.

3. Ensuring the efficient utilization of the nation's resources through the execution of competition policies.
4. The Commission also undertakes competition advocacy.
5. It is also the antitrust ombudsman for small organizations.
6. The CCI will also scrutinize any foreign company that enters the Indian market through a merger or acquisition to ensure that it abides by India's competition laws – the Competition Act, 2002.
7. CCI also ensures interaction and cooperation with the other regulating authorities in the economy. This will ensure that the sectoral regulatory laws are agreeable with the competition laws.
8. It also acts as a business facilitator, by ensuring that a few firms do not establish dominance in the market and that there is a peaceful co-existence between the small and the large enterprises.

Competition Commission of India – Challenges

The CCI faces multiple challenges while implementing the Competition Laws. The challenges can be both internal and external.

1. The constant and continuous change in the way businesses are undertaken and the evolving antitrust issue is proving to be a significant challenge for the CCI.
2. The emerging business models are based on a digital economy and e-commerce. This proves to be a problem for the CCI as the current competition laws talk only of assets and turnovers.
3. The number of benches of the CCI has to be increased to pronounce judgments more speedily on the competition cases.
4. The inclusion of parameters in the competition and antitrust laws such as data accessibility, network effects, etc. is important to ensure that the Competition laws are relevant in a digital economy.

Competition Commission of India – Recent News

1. On November 5 & 6, 2020, the Competition Commission of India organised a virtual Workshop of BRICS Competition Agencies on Competition Issues in the Automotive Sector. Earlier, BRICS Competition Agencies had signed a Memorandum of Understanding (MoU) on co-operation in the field of competition law and policy in May 2016 (In 2020 extended for an open-end period) to enhance co-operation and interaction.
2. A group of 15 startup founders held a virtual meeting with the Competition Commission of India (CCI) recently to appraise the regulator about Google's anti-competitive policies in India. The discussion involved Google's recent imposition of its Play Store billing system on Indian developers, as well as the 30% commission the company charges for selling digital goods and services through the system.
3. Considering restrictions placed on physical movement, CCI immediately allowed flexibility within its procedures—including electronic filing of antitrust cases as well as combination notices including Green Channel notifications and deferment of non-urgent cases. CCI also made the Pre-Filing Consultation (PFC) facility for combinations available through video conference. A dedicated helpline was set up to attend to the queries of stakeholders during the pandemic. Relevant public notices were regularly put on the website of CCI for information of the relevant stakeholders. CCI has also put in place a mechanism to conduct proceedings through video conferencing to avoid physical contact and presence.

