

Theme Address

By Chairperson, Competition Commission of India

4th Roadshow on Competition Law, February 25, 2019, Hyderabad

Respected Shri E.S.L. Narasimhan, Hon'ble Governor of Andhra Pradesh and Telangana, Shri Shailendra Kumar Joshi, Chief Secretary, Telangana, Shri K.V.R.Murty, Joint Secretary, Ministry of Corporate Affairs, Shri M.Venkateshwarlu, President, Telangana Chambers of Commerce and Industry; Smt. Sangeeta Verma, Member of the Commission, distinguished guests, friends from the media, ladies and gentlemen.

A very good morning to all of you.

1. First and foremost, let me welcome you all, to this Advocacy event of the Commission. In order to give major thrust to the competition advocacy, the Commission has decided, to conduct Roadshows across the Country, through which, the Commission intends to bring all the stakeholders at one platform, to expand the competition outreach. The first event was organized at Mumbai on 15th of October last year, the second at New Delhi on the 5th of November, the third at Ahmadabad, on 18th December and here we are at Hyderabad, taking another step towards fulfilling, our goal of bringing, the stakeholders closer to the Commission. The Commission intends to organize such Roadshows, in all major cities in the first phase, and thereafter in smaller cities.

2. There could not have been a better place than Hyderabad for today's event, for Hyderabad is one of the major economic hubs for IT industry, pharmaceutical industry, plastic industry, pearl and Jewel industry and many more. It hosts corporate headquarters of several prestigious Indian companies and various multi-national corporations, and a large number of jewellers trade associations.

3. Markets have come to govern economic systems and human life, as never before. Competition is the lifeline of markets – it not only gives hope to those, entering the economic arena for the first time, but also rewards the innovators. The strength of competition, also has an influence, on a country's economy. In this globalised world, a nation cannot achieve its full economic potential, if it is not able to compete globally. Effective competitiveness supports the country in attracting foreign investments and promoting international trade.

4. Healthy competition, though vital, does not materialize on its own. Without oversight and necessary intervention, markets can be fraught with distortions, and could end up becoming an environment of chaos; where big organizations could prey on smaller ones. When dominant firms, misuse their market power, to eliminate competition or cartels drive up prices, businesses get affected, and so does consumers, who are deprived of their value for money.

5. The Competition Act, 2002 casts a duty on the Commission, to eliminate practices having adverse effect on competition, promote and sustain competition, protect the interests of consumers and ensure freedom of trade

carried on by other participants. In the last nine years, since the CCI got its enforcement power, we have crossed important milestones and have made critical interventions. In terms of numbers, the Commission has so far received a total of 644 combination filings, reviewed 1001 anti-trust cases and conducted more than 650 advocacy events. It is pertinent to mention, that the impact of our interventions has been quite a positive one. In fact, businesses and business associations have revised their policies and practices, to bring them in alignment, with the principles of competition. We have good reasons to believe, that stakeholders are increasingly reposing, their trust and confidence in the Commission.

6. However, the enforcement of the Act is continuously evolving to bring it at *par* with the best economies in the world, and to supplement the vision of the Government, in the liberalised economy. The Preamble of the Act enshrines the goals of its makers, and provides for an institutional context, to the Competition Commission of India. It states: "*An Act to provide, keeping in view of the economic development of the country..*". This is also to affirm, that competition is not, an end, in itself, but a means to achieve, greater economic goals.

7. Public procurement is a key economic activity of government. Procurement of goods and services is carried out by various Ministries, Departments, Municipal and other Local Bodies, Statutory Corporations and Public Undertakings both at the Centre and at the State level. In India, it is estimated that government procurement, constitutes about 30% of the GDP. It is, therefore, very important that these purchases, represent good value for money. Otherwise, the benefits realized by these purchases, will be less significant than they ought to be, to the detriment of the public at large.

8. CCI has been promoting competition, in the public procurement markets, by identifying and correcting bid-riggings, through strict law enforcement. Through detection of bid-rigging, and by punishing the violators through its orders, CCI is making companies learn, that the benefits of bid-rigging, are smaller than, the losses they will suffer, once their collusion is identified.

9. The Commission also, looks into cases of exclusive supply agreement, tie-in arrangements, resale price maintenance. However, while doing so, their likely pro-competitive effects on market, is also looked into.

10. Busting cartels' remain CCI's top priority. Our general approach is to deter them, through penalties, as well as to use the lesser penalty provisions to encourage enterprises to cooperate in uncovering the cartels, in lieu of reduction of penalties. There has been a surge in leniency applications involving cartels, and the Commission has received close to 100 leniency applications, over the past few years. Under lesser penalty regulations, upto 100% reduction in penalty can be granted.

11. The Commission has recently put up in place an Online Guidance System, for determining notifiability of merger & acquisitions, in terms of the Competition Act, 2002. It provides a staged process, to guide the stakeholders in determining, whether a merger of acquisition is notifiable to CCI or not.

12. Friends, we are witnessing the emergence of, a new class of economy – the “digital economy”. Digital technology is transforming markets, at and unprecedented scale and pace. The ongoing shift of markets, towards a digital platform-centric configuration, has opened up new opportunities, while also posing new challenges, for both market participants and regulators.

13. To understand these, the Commission intends to conduct a market study into the e-commerce sector in India. On the horizontal level, the role of algorithms and artificial intelligence in collusion, is an area, that is increasingly being discussed in academic and policy forums. The Commission has constituted a Think Tank of Digital Markets, comprising technologists, legal experts and economists who could help the Commission, form nuanced and informed views on cases, as well as gauge competition implications of policies and emerging technologies.

14. In conclusion, I would like to say, that competition has been, the single most important agent of the transformation India has undergone, in the post reforms period. There is a consensus, that a vibrant industry, founded on level playing field, and characterised by healthy competition, would pave the way for Indian economy, to move onto a long-term growth trajectory. We all stand to gain by keeping the markets competitive. Forums such as this, help remove disconnects, between various stakeholders.

15. In the past nine years, our endeavor has been, to build a culture of competition in markets, through effective enforcement of the law and proactive outreach. We have reached out to our stakeholders in varied ways. We have organized lectures, workshops, seminars, moot courts, published rich

material on the subject, which includes our quarterly newsletter 'Fair Play' along with advocacy booklets among others. Commission has also developed a Competition Assessment Toolkit, which provides a roadmap, for a comprehensive Competition Assessment of policies, legislations, rules and regulations in India.

16. Every year about 100 events are organized, as part of our advocacy initiative. Recently, we have also made our presence on social media :- Facebook, LinkedIn and Radio as an initiative to explore newer channels of communication. And it gives me immense pleasure to acknowledge the strengthening of bond that the Commission shares with the State of Telangana in conducting advocacy seminars, conferences and Moot courts.

17. At this juncture, I Would like to thank NALSAR, Hyderabad in developing 'Training material for administrative and Judicial Academies', aimed at disseminating the competition law knowledge.

18. It gives me immense pleasure to inform, that Government e-marketplace (Gem), the Commerce & Industry Ministry's online platform for public procurement, and the Competition Commission of India have entered into an MoU, to fight malpractices in public procurement including bid-rigging and cartelization. The Commission is also contemplating to launch, a resource persons scheme, to train procurement officers in competition matters of public procurement.

19. The Commission, in order to enhance its outreach to its stakeholders, has got Advocacy Booklets translated in regional languages. It is a great

privilege for us that the Hon'ble Governor of Andhra Pradesh and Telangana, has kindly consented to release Advocacy Booklets in Telugu, at this august occasion. The Commission is next going to release Advocacy Booklets, in other regional languages such as Marathi and Bengali.

20. I request all of you to please visit the kiosks outside, displaying glimpses of our advocacy initiatives. There you will also find advocacy literature, that you can take and refer to. With these words, I would like to conclude and hope, that the deliberations we intend to have today, would set a wheel in motion, promoting competition compliant culture cutting across all sectors.

Thank you.