

## **Inaugural Address**

**BY**

**Shri K.M. Chandrasekhar  
Cabinet Secretary**

**at the**

### **Workshop on “Competition Assessment”(OECD TOOL KIT)**

Mr. Vinod Dhall, Member & Acting Chairman, Competition Commission of India, Shri Anurag Goel, Secretary, Ministry of Corporate Affairs, Prof. Allan Fels, Mr. Bernard Phillips, secretaries and other senior officials from government departments, Chairmen and members of regulatory authorities, ladies and gentlemen,

It gives me great pleasure to be present in this Workshop where internationally renowned experts on competition policy and law will present the Competition Assessment Tool Kit prepared by OECD.

The benefits of competition in markets are now rarely questioned. We in India have been engaged over the past two decades in deregulating the economy and liberalizing policies and procedures in several areas. The deregulation initiative since the mid-1980s and the comprehensive liberalization process since 1991 has carried the economy to a new trajectory of over 8 per cent annual growth. This has enabled the GDP to triple in less than two decades. The liberalization programme has been comprehensive, including monetary policy, aimed at providing a stable macro-economic environment for growth; fiscal policy, with a view to ensuring that more resources are available for growth; trade and investment policies, to ensure that the benefits of international trade and best practices accrue to the domestic industry, and sectoral policies.

Government policies have largely moved towards openness and transparency. The costs of policy surprises for market players are well recognized. This has resulted in less speculation and less rent seeking. Government takes the industry into confidence in all major policy decisions so that the movement forward is calibrated in consultation with all stakeholders.

Government's role in the process of growth is quite different from that of the producing sector. While corporate units have a clearly defined bottomline, Government has to balance the interest of various sectors of society – the producer, the consumer, the workers, the rural sector, weaker sections, and the like. Hence Government policy has to be so formulated as to serve multiple objectives. Increasingly, as we can see in these days of global inflation, the interests of consumers are beginning to occupy centre stage. And this is when competition policy and competition law comes in.

The attention of the Government has thus turned to a review and recast of the anti-monopoly regime in place since 1970 in the form of the Monopolies and Restrictive Trade Practices Act, 1969. Though the process of operationalizing the new regime through the Competition Act, 2002 has taken some time due to certain legal challenges that arose and the necessity to undertake amendments, the law now in place is a modern one.

I believe that the draft implementing Regulations prepared by the Commission are also based on global best practices and have been recognised by international experts for their level of sophistication. The Commission has also laid the foundation for a highly professional and skilled competition authority and has availed of the best expert advice in its work. The important agenda now is to begin the enforcement of the Act as early as possible. Government is committed to this. The Ministry of Corporate Affairs which is working towards this goal needs to expedite this process and put the new system in place without further delay.

India has had a tradition of relying on the public sector to achieve social objectives. However, this emphasis has shifted to relying more and more on private sector initiative and on public private partnership (PPP), especially when it comes to infrastructure projects and utilities involving heavy investment and long gestation periods. In parallel, it is important that the public sector should also be capable of functioning in a competitive environment; under the Competition Act, the public sector and even government departments not engaged in sovereign activities are equally covered under the provisions of the law.

While we recognize that competition law is an essential ingredient of a modern market economy, there is need for a sound competition policy, ensuring that laws, policies and regulations do not obstruct competition in markets. The Competition Act envisages an advocacy mandate for the Commission. The Central and State Governments can refer issues to the Commission for its views, but the Commission can also send its opinion on policy and regulatory issues to Government ministries and regulators. I believe the Commission has done this in a number of areas. There is, I think, need to examine how this system can be institutionalized so that the benefit of the Commission's expert views on the impact of policy and regulatory measures on the competitive forces in the market can be obtained and considered before the proposal is given final shape. The objective is that government measures should have the least distortionary effect on the markets consistent with the objectives of the proposed measures. I believe such institutionalized systems exist in many countries such as UK, USA, Australia, Denmark and others. The Planning Commission Working Group on Competition Policy, chaired by Shri Vinod Dhall, has made some valuable recommendations regarding the need for and the possible structure of a competition policy framework for the country.

It has to be recognized that, in many developing countries, including India, the benefits of competition will tend to be assessed based on its contribution not

just to economic growth *per se*, but also to employment and inclusiveness. As the Growth Report, 2008 has noted, “Making policy is only part of the battle. Policies must be faithfully implemented and tolerably administered.” The Commission also noted that, “While creative destruction is economically natural, it does not feel natural to those displaced in the process. If these casualties of growth are simply disregarded, they will seek to slow the economy’s progress.” (p. 44). Thus, any competition assessment process will have to keep this perspective also in mind. However, any dilution of competition principles in policy making will have to be clearly defined and justified through public interest, and should also be time limited, so as not to be invoked on insufficient grounds

I believe that this workshop is not about taking stock of the status of reform in the Indian economy, but about the principles that should be kept in mind by policy makers when formulating or modifying and implementing economic and related policies, so that they facilitate rather than obstruct the market process.

The OECD has been acting as a facilitator to bring state-of-the-art economic management tools to developing countries. I take this opportunity to thank them and express our appreciation of their support for this workshop.

I compliment the Competition Commission of India and the Ministry of Corporate Affairs for taking the initiative in organizing this work shop. I call upon the senior officials present here today to take careful note of the deliberations in the workshop with a view to see how these can be beneficially utilized in the refinement of policy and regulatory measures.

In conclusion, I would be failing in my duty if I did not mention the great role played by Shri Vinod Dhall, Acting Chairman, in building the Competition Commission and laying strong foundations for its role in the years to come. His professionalism, dignity and dedication to the task assigned to him, as well as the

manner in which he acquired expertise in this complex area is surely a great example for young civil servants in this country to follow.

I wish all success to the activities of the Commission

With these words I declare this workshop open.