

Competition Act 2002 Objectives & Features.

Competition is a very prominent concept in every market situation. With adherent competitiveness in the market, consumers are going to get choices in terms of products and services offered by sellers as well as the price of them. However, it becomes very important to regulate the competition so that it will not go against the interest of customers and the free market. In this article, we will discuss different aspects of the Competition Act 2002.

Competition Act 2002 Overview

The prevalence of different unfair practices in the market made it necessary to regulate the competition among the business units. Hence, the Competition Act 2002 came into force. The Act contains both criminal and civil provisions aimed at preventing anti-competitive practices in the marketplace. The Act is enforced and administered by the Competition Bureau, and cases are adjudicated by the Competition Tribunal.

Background of Competition Act, 2002

Competition Act 2002 is the successor of the Monopolistic and Restrictive Trade Practices Legislation (MRTP) Act 1969. After the introduction of economic reforms in the form of liberalization privatization and globalization of LPG policy in 1991 There came a need to focus more on healthy competition that can safeguard the interest of customers. Hence, the MRTP Act 1969 was replaced with the Competition Act.

Objectives of Competition Act, 2002

Below are the broad objectives of the Competition Act, as laid down in its preamble:

- Eliminate practices having adverse effects on competition
- Promote and sustain competition in markets
- Protect consumers interests
- Ensure freedom of trade carried on by other participants in markets, in India
- To prevent anti-competitive practices
- To promote and sustain competition

Competition Commission of India (CCI)

The objectives of the Act are sought to be achieved through the instrumentality of the Competition Commission of India (CCI) which has been established by the Central Government with effect from 14 October 2003. It has one chairman and six members.

Functions of CCI (Competition Commission of India)

- CCI shall prohibit anti-competitive agreements and abuse of dominance, through a process of enquiry.
- It shall give an opinion on competition issues on a reference received from an authority established under any law (statutory authority)/Central Government.
- CCI is also responsible for creating public awareness and imparting training on competition issues.

Important terms related to Competition Act, 2002

There are some technical terms that need to be understood to have deeper insights into the act. These are enlisted below

- Acquisition: Acquisition means, directly or indirectly, acquiring or agreeing to acquire shares, voting rights or control over management or assets of any enterprise.
- Cartel: Cartel includes an association of producers, sellers, distributors, traders or service providers who, by agreement among themselves, limit control or attempt to control the production, distribution, sale or price of goods or provision of services.
- Dominant position: It means a position of strength, enjoyed by an enterprise, in the relevant market which enables it to operate independently of competitive forces prevailing in the market or affect its competitors or consumers in its favor
- Predatory pricing: Predatory pricing means the sale of goods or provision of services, at a price which is below the cost of production of the goods or provision of services, with a view to reduce competition or eliminate the competitors.

Salient Features of the Competition Act 2002

Below are the major guidelines stated in the Competition Act 2002 in order to control monopolies and promote competition in the market. These are given in the table below.

Salient Features of the Competition Act 2002

Anti-Competitive Agreements (section 3):	Enterprises, persons or associations of enterprises or persons, including cartels, shall not enter into agreements which cause or are likely to cause an “appreciable adverse impact” on competition in India Types of anti-competitive agreements Vertical contracts Horizontal contracts
Abuse of Dominant Position (section 4)	There shall be an abuse of the dominant position if an enterprise imposes directly or indirectly unfair or discriminatory conditions. The provisions relating to abuse of dominant position require: determination of dominance in the relevant market. Taking required steps to have a check on the dominance.
Mergers and acquisitions (sections 5 & 6)	No person or enterprise shall enter into a combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India and such a combination shall be void
Competition Advocacy	The aim of Competition advocacy is to foster conditions that will lead to a more competitive market structure and business behaviour without the direct intervention of the Competition Law Authority, namely the CCI

Conclusion

It can now be concluded that the Competition Act 2002 is landmark legislation. The main aim of this Act is to promote competition and curb all anti-competitive agreements. This Act restricts the abuses of dominant enterprises. It can also regulate any kind of combination beyond a particular size. Thus this Act does not curb monopolies rather it curbs abuses of monopolies.