



Market Monopoly and Laws in India

For Prelims: [Competition Commission of India \(CCI\)](#), [Competition Act, 2002](#), Abuse of Dominant Market Position, [Competition Amendment Bill, 2022](#).

For Mains: Market Monopoly and Laws in India, Inclusive growth and issues arising from it.

[Source: MC](#)

Why in News?

Recently, the [Competition Commission of India \(CCI\)](#) has dismissed a complaint against PVR, a leading multiplex chain, for allegedly abusing its Dominant Market Position, raising the Concern of **Market Monopoly**.

What were the Allegations and CCI's Verdict?

- It was alleged that PVR abused its dominance by giving special treatment to films of powerful and monetarily **affluent production houses**, thus creating entry barriers to films by independent filmmakers.
 - PVR refuted the allegations, asserting they lacked supporting evidence, arguing that the complaint aimed to **pressurise the exhibition of his film without any legal obligation**.
- CCI found no discernible competition concerns. It emphasised that unless harm **to competition was evident**, regulatory **intervention could lead to undesirable consequences**, preserving exhibitors' autonomy.

What is Market Monopoly?

- **About:**
 - Market monopoly **refers to a situation in which a single company or a group of companies dominates** and controls a significant share of a particular market or industry.
 - In a **monopoly**, there is **only one seller or producer that provides a specific product** or service, and there are no close substitutes available to consumers.
 - This gives the monopolistic entity substantial market power, allowing it to influence the market conditions, set prices, and control the supply of goods or services.
- **Features of Market Monopoly:**
 - **Single Seller or Producer:**
 - In a monopoly, there is only one entity that dominates the entire market. This company is the exclusive provider of a particular product or service.
 - **High Barriers to Entry:**
 - Monopolies often **arise when there are significant barriers** preventing new competitors from entering the market. Barriers may include high startup costs, exclusive access to resources, **government regulations**, or **strong brand loyalty**.

- **No Substitutes:**
 - Consumers have **limited or no alternative options** for the product or service offered by the monopolistic company. There are no close substitutes available in the market.
- **Market Power and Pricing Control:**
 - The monopoly has **considerable market power, allowing it to control prices without significant fear** of competition. This can lead to higher prices for consumers and potentially reduced output.
- **Influence Over Supply:**
 - The monopoly has **control over the supply of the product** or service. It can determine the quantity produced and adjust supply to impact market conditions.
- **Lack of Competition:**
 - Due to the **absence of competitors, monopolies operate** in an environment where there is no direct competition for their specific product or service. This lack of competition can result in reduced incentives for innovation and efficiency.

Key Terms Related to Anti-Competitive Practices

- **Predatory Pricing:**
 - Predatory pricing occurs when **a company intentionally sets its prices below cost** in order to **drive competitors out** of the market. Once competitors are eliminated, the **company can raise prices** to recoup losses and enjoy a monopolistic position.
- **Cartels:**
 - Cartels **are associations of independent businesses or countries** formed to regulate production, pricing, and marketing of goods or services.
 - Cartels are **typically illegal and are known for fostering anti-competitive behaviour.**
- **Collusion:**
 - Collusion is an agreement **between two or more parties to limit competition** by misleading, deceiving, or defrauding others. It often involves **secret cooperation** to gain an unfair advantage.
- **Mergers:**
 - Mergers involve the **combination of two or more companies into a single entity.** While not all mergers are anti-competitive, some **may reduce competition in a particular market,** leading to regulatory scrutiny.
- **Price Discrimination:**
 - Price discrimination occurs when a seller charges different prices to different customers for the **same product or service.** While not always illegal, it can be considered **anti-competitive if it harms competition.**
- **Price Fixing Agreements:**
 - Price fixing involves an agreement between competitors to set **a specific price for their products or services.** This eliminates competition and artificially inflates prices, violating antitrust laws.

How does India Deal with the Practices of Market Monopoly?

- **Competition Act, 2002:**
 - The [Competition Act, 2002](#), is the primary legislation in India addressing antitrust issues. It was enacted **to promote and sustain competition in markets,** prevent anti-competitive practices, and protect the interests of consumers.
 - The Act prohibits **anti-competitive agreements, abuse of dominant position** by enterprises, and regulates combinations that may have an appreciable adverse effect on competition within India.
- **Competition Amendment Bill, 2022:**
 - The proposed amendment **aims to further strengthen the regulatory framework,** address emerging challenges, and enhance the effectiveness of

competition law enforcement.

- **Competition Commission of India (CCI):**
 - **CCI** is the regulator of competition under the **Competition Act, 2002** in the Indian market, it is responsible for enforcing the **provisions of the Competition Act 2002**. It consists of a Chairperson and Members appointed by the Central Government.
 - The CCI investigates and **takes actions against anti-competitive practices**, abuse of dominant position, and anti-competitive agreements.
- **Competition Appellate Tribunal and NCLAT:**
 - The **Competition Appellate Tribunal (COMPAT)** was initially responsible for hearing appeals against CCI decisions.
 - However, in 2017, the government replaced COMPAT with the **National Company Law Appellate Tribunal (NCLAT)**, which now handles appeals related to competition matters.

What are the International Initiatives to Curb Anti-Competitive Practices?

- **OECD Competition Committee:**
 - The **OECD (Organisation for Economic Cooperation and Development)** addresses anti-competitive practices through various initiatives, including the **OECD Competition Committee**, which facilitates discussions and cooperation among **member countries on competition-related issues**.
- **United Nations Conference on Trade and Development (UNCTAD):**
 - **UNCTAD** works to promote international trade and development. It provides guidance on competition policy and **law through its Intergovernmental Group of Experts on Competition Law and Policy**, supporting countries in implementing effective competition frameworks.
 - It also deals with the policies to **Protect consumers from abuse and Curb regulations that stifle competition**.
- **International Competition Network (ICN):**
 - The ICN is a network of competition authorities from around the world. It facilitates **communication and cooperation among member jurisdictions** to address global competition challenges. The ICN provides a platform for sharing best practices and **developing guidelines on various aspects of competition law**.
- **World Trade Organization (WTO):**
 - While primarily focused on trade issues, the **WTO addresses competition policy through its Working Group** on the Interaction between Trade and Competition Policy.
 - The aim is to **ensure that competition policies do not create unnecessary barriers to trade**.

What are the Judgements Related to Market Monopoly in India?

- **Competition Commission of India v. Steel Authority of India Ltd (SAIL), 2010:**
 - The SC upheld the CCI's order to investigate SAIL for anti-competitive practices in supplying rails to Indian Railways.
 - SC ruled that SAIL was not exempt from the Competition Act and that its order was not appealable at the initial stage.
 - The Court also said that the CCI was a necessary or proper party in any appeal before the COMPAT.
- **Competition Commission of India v. Google LLC & Ors, 2021:**
 - CCI appealed against Karnataka HC's order, investigating alleged anti-competitive practices by Google in India's smart TV and Android app store markets.
 - The HC quashed CCI's order due to lack of jurisdiction and the absence of Google's opportunity to present its case.
 - The SC stayed CCI's investigation and issued notices to all parties involved.

Way Forward

- Continuously review and strengthen antitrust laws to ensure they are robust and able to address emerging challenges in the business environment. Regular updates can help the legal framework

adapt to evolving market dynamics.

- Empower and adequately fund regulatory authorities, such as the Competition Commission, to effectively enforce antitrust laws. Authorities should be equipped to investigate, penalize, and deter anti-competitive behavior.
- Ensure transparent and efficient processes for reviewing mergers and acquisitions. A clear and thorough review helps prevent the creation or strengthening of monopolies through consolidation.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. With reference to 'consumers' rights/privileges under the provisions of law in India, which of the following statements is/are correct? (2012)

1. Consumers are empowered to take samples for food testing.
2. When a consumer files a complaint in any consumer forum, no fee is required to be paid.
3. In case of death of consumer, his/her legal heir can file a complaint in the consumer forum on his/her behalf.

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

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