



Building 'Friends of Competition'

Conference: 24th November, 2011, New Delhi

Objective: To launch a movement in India to create and sustain allies of competition law and policy

Background

Well-functioning markets are important in generating growth and expanding opportunities for the people. Competition promotes allocative and productive efficiency and it also leads to more choices and lower prices for consumers. Competition ensures that firms will be innovative in order to win customers. Innovation and dynamic efficiency implies that there will be better products available on the market. Thus, effectively enforced competition laws and economic reform guided by competition principles are being increasingly recognised as essential prerequisites for economic development, growth and rising levels of economic welfare.

Evolution of the competition regime

As the Competition Act, 2002 in India is in full effect now, a lack of understanding of the nature and extent of various prevalent anticompetitive practices in India is a major challenge.

Simultaneously there is a move to adopt a National Competition Policy, which will deal with policy induced anticompetitive outcomes, distortions and impediments.

These two instruments will help the country to build a healthy competition culture, which will facilitate and promote competitiveness in various sectors of the economy. The achievement of a healthy competition culture promotes an orderly growth and economic democracy, enhances economic development and enables proper resource allocation, which is a necessary condition for growth, poverty reduction and sustainable development. In sum, a healthy competition culture thus helps to:

- enhance consumer welfare,
- promote fair trading,
- encourage innovation,
- preserve scarce resources,
- contribute to environmental conservation,
- achieve economic efficiency, and
- check concentration of economic power

The political will seems also in favour of building a competition culture in the economy as the on-going process for the formulation of the National Competition Policy reflects.

Need to enhance knowledge and strengthen capacity

Thus there is a need to enhance knowledge and strengthen capacity amongst various stakeholders including Central and State Government officials, industry, business associations, lawyers, and economists to promote a culture of compliance in the country.

Capacity building is a dynamic process and involves development of both individual and the collective. It involves all individuals, systems (organisation) and resources and will need to be pursued at different levels (individual, organisation and sector). It is essential to focus not only on the individuals in an organisation, but also on the organisation itself as well as on the whole regulatory sector.

Lack of capacity often leads to market failures and sub-optimal outcomes, which has multiple adverse effects. Further, capacity building in relation to a search for relevance, identity, and clarity of roles and perspective building has also to be a futuristic process keeping in view the needs of a particular sector. The capacity building programme will need to be targeted at several levels:

- staff and members of the competition authorities
- staff and members of the regulatory authorities
- staff of government departments/agencies at national and sub-national levels
- staff and members of voluntary organisations, including consumer groups
- staff and members of trade unions
- staff of businesses and their chambers
- staff of professional associations
- media persons
- academia
- research community
- legislators at the national and sub-national levels
- legal community, and
- select judiciary

The event

Alliances, partnerships and networks provide the necessary platform for sharing and learning information, experiences and ideas. CUTS Institute for Regulation and Competition (CIRC) and Indian Institute of Corporate Affairs (IICA), Ministry of Corporate Affairs are taking the lead to provide such platform through this launch conference to bring together 'Friends of Competition' in this hallowed objective. This event will be followed up by similar events in the capital and other parts of India.