

World Competition Day: Attention shifts to impact of Cartels on the poor



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“Our competitors are our friends, our customers are the enemy” is an actual statement made by an executive of Archer Daniel Midland, in the famous case of the lysine (a feed additive) cartel, which was caught on video by the FBI few years ago.

“Cartels are the most vicious anticompetitive practice”, said Dr Geeta Gouri, Member, Competition Commission of India. She was speaking at a roundtable on the World Competition Day organised by CUTS International on 5th December at Delhi.

The roundtable is part of a series of events being organised around the world by competition authorities and advocacy groups to celebrate the third World Competition Day. This year’s theme was on the “Impact of Cartels on the Poor”.

Dr Gouri added that for example cartelisation in the agriculture sector is impacting consumers and poor farmers the most who are not getting a fair price for the products. "A topic that needs to be further studied is the agriculture market and the primary level mandi which are cartels controlled by a particular class of traders all over the country”.

Parliamentarian Dr E M Sudarsana Natchiappan echoed Dr Gouri, when he said that mandi traders buy tomatoes around Rs. 2.00 per kilo in a collusive manner and sell it at Rs.25.00 per kilo to vendors in markets in Tamil Nadu. Referring to the current hot debate in the parliament on FDI in retail, he said that the opposition is supporting such cartels.

Dr Ashok Ganguly, a nominated Rajya Sabha MP also addressed the audience and emphasised on the various facets of cartelisation that one comes across in day to day life, particularly in the political

sphere. Organising farmers in order to fight against the middlemen in the sector is extremely important, he emphasised.

CUTS Secretary General, Pradeep S Mehta reminded the audience that the Congress Party in its election manifesto had declared a war against the Agriculture Produce and Marketing Act, which creates and nurtures such traders' cartels, but little attention is being paid due to the political economy.

Earlier, while welcoming the participants, Mr Mehta spoke about the campaign since 2010 to ask the international community to adopt the World Competition Day with the purpose of bringing greater attention to competition reforms and its benefits to the economy and consumers. "This day has been chosen because the UN had adopted the UNCTAD Set of Guidelines on Competition Law on 5th December, 1980.

During the roundtable discussion, Prof Sri Ram Khanna of VOICE raised pertinent questions regarding the capacity of CCI to bust cartels. He mentioned that every time prices of air tickets, real estate, tyres, medicine or even milk and sugar spike, issues pertaining to cartelisation are raised. But proving the existence of cartels and busting them isn't easy.

In India, cartels have thrived mostly because there simply was no effective watchdog till the CCI was set up and mandated to go after such cartels. All that its toothless predecessor, the Monopolies and Restrictive Trade Practices Commission, did was to pass wordy 'cease-and-desist' orders, which the cartels callously ignored.

Among other panellists, Dr. Aditya Bhattacharjea, Delhi School of Economics and Mr Hari Prasad, Associate Fellow of CIRC also spoke at the event. About 60 people participated at the lively event, of which many were young lawyers and students.

In conclusion, Mr Mehta requested the Government of India and CCI to observe the World Competition Day, as various other competition agencies have done, such as Philippines, Zambia, Bulgaria, Russia, Pakistan, Austria, Malawi, South Africa.

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