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An Empirical Study of the Functioning and Performance of Competition Commission of India

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Abstract: *The CCI is about to complete five years of enactment of competition Act, 2002. CCI has been in a process of enforcing the various provisions of this Act in a consistent manner. CCI has gained significant expertise and experience in handling cases under various sections viz section 3,4,5 and 6. The research aims to study the perception of respondents having different educational and professional backgrounds towards the perception of efforts of implementation of Competition Act, 2002 and the working of CCI. Primary and Secondary both type of data will be used for the research. The findings reveal that for the three variables "Efficient Utilization of Resources", "Competition Advocacy" and "Procedures & Penalties" there is significant difference in the perception of respondents whereas for the variables "Benefit and Welfare of Customers, Faster, Inclusive Growth & Development and Smooth Interaction with Setoral Regulators" there is no significant difference.*

Keywords: *Competition Commission of India, Functioning, Performance.*

I. INTRODUCTION

The CCI is about to complete five years of enactment of competition Act, 2002. CCI has been in a process of enforcing the various provisions of this Act in a consistent manner. CCI has gained significant expertise and experience in handling cases under various sections viz section 3,4,5 and 6. Several cases have gone to competition Appellate Tribunal and competition awareness and jurisprudence is gradually building up in a developing country like India. In the Indian scenario, various stakeholders perceive competition regulations as a hurdle in carrying on the business. The present research study will analyze the functioning and performance of CCI, and thus remove the apprehensions in the minds of the industry as well as their stakeholders regarding competition and related issues. This will in turn increase the level of awareness of the stakeholders so that they perceive the act as business friendly.

There is a desperate need for regulation of the markets in the era of globalization and liberalization in the absence of such regulatory governance, the large monopolistic firms, the various interested groups, could damage the process of competition and deprive markets of their ability of delivering efficient results. Through the study, the effectiveness of CCI in attainment of its objectives viz, curbing anti-competitive arguments, prohibit use of dominant position, regulations of mergers and acquisitions is analyzed so that its functioning is strengthened and the aforementioned problems do not put hurdle in its way. And will assist CCI in its efforts for protection of Indian consumer's interest the study attempts to report the cases presented before CCI under various sections, which would act as a ready reference for the society in future and provide a ground work for the lawyers as well.

II. RATIONALE OF THE STUDY

The overarching aim of the Competition Act is to create and sustain competitive markets and work for the welfare of the Indian consumer. The study evaluates the functioning of CCI, which always stands besides the Indian consumer, challenge the abuse or dominance or economics gains and investigates cartels in the key economic sectors. The study keeps a check on the

working of CCI, thus making the Indian market more efficient and more competitive. The study will analyze whether CCI has been proactive in responding to the needs and aspiration of Indian industry in the area of merger control. The strategic issue in the working of any organization is to have regulatory process. The study analyses this aspect and checks the committedness of CCI to develop a competition culture in India.

III. OBJECTIVES OF THE STUDY

To study the perception of respondents having different educational and professional backgrounds towards the perception of efforts of implementation of Competition Act, 2002 and the working of CCI

IV. RESEARCH METHODOLOGY

Primary and Secondary both type of data will be used for the research.

PRIMARY DATA

Primary data will be collected from 10 authorized Chartered Accountants, 10 authorized Companies Secretaries, 10 authorized Cost and Works Accountants and 20 legal practitioners who file and present the cases before the Competition Commission of India under Section 3, Section 4 and Section 5 relating to anti- competitive agreements, abuse of dominance position and combinations respectively

SECONDARY DATA

Researcher will use following secondary sources of information.

- Annual reports of Competition Commission of India.
- The study reports and newsletters available at the official website of Competition commission of India
- Literature available in the library of the head office of Competition Commission of India.
- Various Journals of commerce and economics, news releases etc.
- Various websites.

QUESTIONNAIRE DESIGN

A structured written questionnaire shall be prepared to elicit the views from 10 Chartered Accountants, 10 Companies Secretaries, 10 Cost and Works Accountants and 20 legal practitioners who file and present the cases before the Competition Commission of India under Section 3, Section 4 and Section 5 relating to anti- competitive agreements, abuse of dominance position and combinations respectively.

SAMPLE DESIGN

The responses of 50 experts will be included in the study on the basis of convenient sampling.

The sample design consists of

- (a) 10 chartered accountants(means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants\Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act).
- (b) 10 company secretaries (means a company secretary as defined in clause (c) of sub section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act).

- (c) 10 cost and works accountants (means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act).
- (d) 20 legal practitioners (means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice).

V. DATA ANALYSIS

In the research study the effort is done to study the perception of respondents having different educational and professional backgrounds towards the perception of efforts of implementation of Competition Act, 2002 and the working of CCI. It may be possible that the respondents belonging to different educational and professional backgrounds may perceive the effect of implementation of Competition Act and the working of CCI differently. The responses of Chartered Accountants, Company Secretaries and Cost & Works Accountants may differ from that of the lawyers as the former are the financial analysts and belong to different fields of expertise. One way ANOVA test is applied to test the difference of the opinions of these respondents. The null hypothesis of One way ANOVA is written below.

H₀: There is no significant difference in the opinion of respondents of different educational and professional backgrounds towards the after effects of implementation of Competition Act, 2002 and the working of CCI

The results of One-Way ANOVA are shown below in table 1

Table 1 One Way ANOVA

Variables	Groups	Mean(S.D.)	F-Statistic(P-value)	Remark
Benefit and Welfare of Customers	C.A.	3.25(.948)	2.069 (.109)	No Significant Difference
	C.S.	2.74(.961)		
	I.C.W.A	3.74(.464)		
	Lawyers	3.01(.743)		
Faster, Inclusive Growth & Development	C.A.	3.65 (1.128)	.193 (.901)	No Significant Difference
	C.S.	4.70 (.853)		
	I.C.W.A	4.37 (.014)		
	Lawyers	3.76 (.462)		
Efficient Utilization of Resources	C.A.	3.21 (.742)	3.156 (.028)	Significant Difference
	C.S.	3.42(.639)		
	I.C.W.A	3.94(.073)		
	Lawyers	3.59 (.738)		
Smooth Interaction with Sectoral Regulators	C.A.	3.25 (.948)	2.069 (.109)	No Significant Difference
	C.S.	2.74 (.961)		
	I.C.W.A.	3.74 (.464)		
	Lawyers	3.01 (.743)		
Competition Advocacy	C.A.	3.65 (1.128)	4.218 (.008)	Significant Difference
	C.S.	4.70 (.853)		
	I.C.W.A.	4.37 (.014)		
	Lawyers	3.76 (.462)		
Procedures & Penalties	C.A.	3.19 (1.18)	3.415 (.020)	Significant Difference
	C.S.	2.84 (.685)		
	I.C.W.A.	4.40 (.177)		
	Lawyers	3.38 (.618)		

The results indicate that the probability value of F-Statistics if found to be less than 5% level of significance for the three variables namely, “*Efficient Utilization of Resources*”, “*Competition Advocacy*” and “*Procedures & Penalties*”. Hence with 95% confidence level the null hypothesis of no significant difference in the opinion of respondents of different educational and professional backgrounds toward the after effects of implementation of Competition Act, 2002 and the working of CCI cannot be accepted. The results indicate that the respondents belonging to the category of ‘ICWA’ are having the highest mean scores in case of their perception of ‘Efficient Utilization of Resources’ which is significantly different from that of the CA. In case of perception about ‘Competition Advocacy’ the highest mean scores is found in case of ‘CS’ and the least scores is found in the

case of 'CA'. Significant difference is found in the case of 'CS' and 'CA' as the training and awareness programs are found to be more in case of 'CS' than that of the 'CA'. Similarly in case of 'Procedures & Penalties' the highest scores are found in case of 'ICWA' and minimum is for the 'CS' as high difference is found between them.

In case of the variables of *“Benefit and Welfare of Customers, Faster, Inclusive Growth & Development and Smooth Interaction with Setoral Regulators”* the probability value of F-Statistic is found to be more than 5% level of significance. Hence with 95% confidence level null hypothesis of no significant difference can be accepted. Thus the respondents of different educational and professional backgrounds have the same opinion about these three variables as these variables are closely knit around the provisions of the Competition Act, 2002 and the act and its interpretations bound the different sections of the society in equitable and just manner. Therefore no significant difference is found amongst the respondents of different educational and professional backgrounds towards these three variables.

VI. CONCLUSION

A perusal of MRTP Act shows that there is neither definition nor even a mention of certain offending trade practices such as abuse of dominance, cartels, collusions and price fixing, bid rigging and predatory pricing. The MRTP Act became obsolete in certain areas in the light of international economic developments relating to competition laws. The Competition Act while replacing the MRTP act shifts our focus from curbing monopolies to promoting competition. But the Indian Competition Act should be strong enough and also try to match up with the international standards.

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