

## **CUTS PROJECT**

### **“NATIONAL COMPETITION POLICY & ECONOMIC GROWTH IN INDIA”**

#### **Background**

Competition in a market ensures enhanced allocative, productive and dynamic efficiency through optimum utilisation of resources. Competition enhances economic welfare through industrial growth, product variety and innovation. Further it offers social benefits in the form of lower prices, improved accessibility and employment generation. Over 120 countries have adopted a competition law today as opposed to 35 in 1995.

While a legal framework (competition law) exists in India as a regulatory instrument to check prevalence of anti-competitive practices, the need for a competition policy that would be more proactive and make a positive effort towards building a culture of competition in the economy and would include though not be limited to the law is severely lacking. Such a policy would play a vital role in guiding policy making by governments and ensuring their compliance with the principles of competition. In June 2011, the Ministry of Corporate Affairs constituted a Committee on National Competition Policy and Related Matters (C-NCP). In December 2011, the Committee submitted its report on National Competition Policy (NCP).

To further its agenda, 13 sector-specific competition assessment studies were carried out with a view to review and examine the existing market distortive provisions in policies, laws, regulations and practices in these select sectors. The study came out with recommendations to rectify the same. The 13 select sectors are: (1) Agriculture, (2) Road Transport, (3) Pharmaceuticals, (4) Healthcare, (5) Government Procurement, (6) Civil Aviation, (7) Education, (8) Coal, (9) Railways, (10) Electricity, (11) Public Sector Units, (12) Goods and Service Tax and (13) Real Estate.

#### **CUTS Initiative**

The **CUTS project aims to take forward the agenda of a National Competition Policy** and focus on three of these sectors: **Pharmaceutical, Electricity and Agriculture & Marketing** to identify the existing gaps against the touchstone of competition and measure the benefits of correcting the same on the entire Indian economy. The rationale for selecting these sectors lies behind their significance in the Indian economy. Sectors such as pharmaceuticals and infrastructure are the backbone of an economy and a propeller of socio-economic growth. It is necessary to provide a level playing field to players operating in these markets as well as lower entry barriers and facilitate greater market access. This would boost trade, investment as well as build global competitiveness in these arenas in addition to allowing a free market environment conducive to the survival of efficient and innovative firms.

The project is motivated by the objective of bringing markets in compliance with the principles of competition such as effective prevention of anti-competitive conduct; institutional separation between policymaking, operations and regulations; fair market process; competitive neutrality; fair pricing and inclusionary behaviour; third party access to “essential facilities;” public policies and programmes working towards promotion of competition in the marketplace; and national, regional and international cooperation in competition policy enforcement and advocacy upon which the National Competition Policy is hinged.

#### **Project Coordinator**

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