



Launch Seminar, August 21, 2012, New Delhi

Background

Competition in a market ensures enhanced allocative, productive and dynamic efficiency through optimum utilisation of resources. Competition enhances economic welfare particularly consumer welfare by lowering prices and providing better quality and a wide range of goods and services in the market. The Ministry of Corporate Affairs constituted a Committee on National Competition Policy and Related Matters (C-NCP) in June 2011. CUTS were represented in that Committee. In December 2011, the Committee submitted its report on National Competition Policy (NCP).

To further the agenda of the NCP, 13 sector-specific studies were managed by Indian Institute of Corporate Affairs (IICA) and CUTS Institute for Regulation & Competition (CIRC) which have reviewed and examined policies, laws, regulations, practices, etc that impede competition and have come out with recommendations to rectify the same. CUTS ComPEG project supported by British High Commission (BHC), New Delhi, aims to take forward the agenda of effective adoption of competition principles of NCP in select sectors (Electricity, Pharmaceutical and Agriculture Product Marketing).

About the Project

The purpose of the project is to explore the benefits from enhanced competition in India and advocate for effective implementation of the NCP and its principles. The project will demonstrate that pro-competitive reforms are concomitant with economic growth, which can be achieved provided the proposed legislative changes are adopted.

The three sectors have been selected given the several emerging competition concerns therein and its impact on all the other sectors of the economy. The study would identify the existing gaps against the touchstone of competition and quantitatively measure the benefits of correcting the same on consumers, producers and the entire Indian economy.

Agriculture Product Marketing

Improving marketing opportunities and competitiveness in the Product Marketing agriculture sector is essential to achieve the targeted annual growth of agricultural GDP. Competition reforms in agriculture marketing would bring positive dividends to farmers and consumers as well as national

economy on the whole. Select states for this study are Maharashtra and West Bengal.

Pharmaceuticals

Indian pharmaceutical industry ranks very high in the third world in terms of technology, quality and range of medicines manufactured. Despite this, WHO says that 65% of the population still lacks regular access to essential medicines, owing majorly to the continued rise in health care cost. The bottlenecks to drug accessibility are created by monopolistic situations and unreasonable upward pressure on prices that result from forces that emerge from within and outside the market. The study among other things looks into the crucial interface between intellectual property and competition principle in this sector.

Electricity

Despite the implementation of pro-competitive legislation in 2003, effective competition is not yet a reality in this sector. The study will analyse benefits/gains from opening specific segments to competition, providing open access, etc.

1st PAC Meeting, August 20, 2012, New Delhi



Objectives

- Study the state of competition in the pharmaceuticals, electricity and the food & agriculture marketing sector
- Understand and identify competition distortions induced by regulations, laws and policies
- Demonstrate welfare gains from incorporation of competition principles in the policy provisions and practices

Expected Outcomes

- Larger number of government departments, both at the central as well as state levels, will pursue competition reforms
- Effective implementation of principles of National Competition Policy in select sectors in India
- Government of India is expected adopt relevant legislative changes for effective implementation of National Competition Policy at the Central Government level

Outputs

- Competition Impact Assessment Toolkit
- Chapters on 'Competition Issues in Pharmaceutical, Electricity and Food & Agricultural Marketing sectors in India'
- Field Survey Report
- Event Reports

Research Design Meeting, November 09, 2012, New Delhi



Project Advisory Committee

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National Competition Policy and Economic Growth in India ComPEG Project



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