COMPETITION DISTORTIONS IN INDIA – A CUTS DOSSIER

(CDI 63: January-March 2024)

For earlier Dossiers please see: https://cuts-ccier.org/competition-distortion-in-india/

This periodic dossier produced by CUTS International looks at the interface of policy issues that impact competition in India, which can be both negative and positive. News, as published, is used without ascertaining its accuracy. The purpose is to flag issues to the layman and the specialised policymakers and regulators, rather than be judgmental about them. This would require greater analysis, particularly in terms of cost and benefits in addition to that.

Dear Reader,

Greetings!

We are pleased to present the Competition Distortion Dossier #63 for the first quarter of the year, i.e., January to March 2024. We have extensively covered the most significant news stories from the last quarter that have impacted the competitive landscape in India both positively and negatively. Taking forward from previous editions, we have divided the dossier into three parts: Trade Policies; Policies Promoting Competition, and Policies Inhibiting Competition.

The initial segment discusses India's trade policies related to the export and import of both essential and non-essential goods, examining their effects on India's market susceptibility on the global stage. Emphasis is being placed on the anti-dumping policies in this context.

The dossier's second section provides insights into policies that foster competition during the fourth quarter within India. It delves into the intricate details of financial sector policies during this period, offering a comprehensive examination of the RBI's policies and foreign exchange services. Additionally, the dossier explores transportation policies, specifically in the railways and civil aviation sectors, providing a nuanced understanding of the regulatory landscape and its implications on market dynamics.

The final segment addresses policies that disrupt competition within the country, impartially highlighting the impact of the market study undertaken by the Competition Commission of India which urges restricting iron ore exports in India. The issue of dismissal of Jalan-Kalrock's plea for a new payment plan in Jet Airways has also been discussed.

We hope you enjoy reading these stories as much as we did, reporting them. Kindly also circulate this bulletin within your networks to build higher awareness which can aid our efforts to grow our economy.

Cheers!

Contents

A. Trade Policies

Commerce Ministry Imposes Anti-dumping Duty on PCB Imports

The Directorate General of Trade Remedies (DGTR), an arm of the Commerce Ministry, has proposed imposing a five-year anti-dumping duty on printed circuit boards (PCBs) imported from China and Hong Kong. This recommendation aims to safeguard the domestic industry from the influx of low-cost imports. The decision follows an investigation into the dumping of PCBs from these countries, which are essential components assembled with electronic elements such as transistors.[1]

Food for Thought

India's electronics sector is rapidly expanding, with ambitions to reach a total production value of US$300bn and export earnings of US$125bn by 2026. However, achieving self-sufficiency in this industry necessitates bolstering the supply chain for key components. Currently, India relies heavily on imports, mainly from China and Vietnam, for vital components, particularly PCBs. The PCB market in India experienced significant growth, reaching US$4.5bn in 2022 and is projected to reach US$11.8bn by 2028, underscoring its pivotal role. PCBs play a crucial role in connecting electronic components across various consumer electronics and IT hardware products.[2]

The imposition of anti-dumping duties can reshape the competitive landscape by curbing the influx of cheaper imported PCBs, potentially granting temporary advantages to domestic manufacturers by limiting competition from overseas players. Nonetheless, this raises concerns about the long-term sustainability of domestic industry competitiveness. Without external competitive pressure, there might be diminished incentives for local manufacturers to innovate, enhance efficiency, and offer competitive prices.

Furthermore, while anti-dumping duties aim to shield domestic producers, they could inadvertently lead to higher prices for consumers due to restricted imports, impacting various sectors reliant on these components, such as electronics manufacturing, telecommunications, and automotive industries. This could impede sectoral growth and stifle innovation and technological advancement.

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1 https://economictimes.indiatimes.com/news/india/comm-min-for-anti-dumping-duty-on-printed-circuit-boards-imported-from-china-hong-kong/articleshow/106570736.cms?from=mdr

2 How the New Anti-dumping Duty (ADD) will Impact PCB Manufacturing in India? (circuitdigest.com)

The efficacy of anti-dumping duties in addressing the root causes of unfair trade practices warrants scrutiny. While providing temporary relief to domestic industries, they may not fully tackle underlying issues like overcapacity, subsidies, or intellectual property violations. Hence, a more comprehensive approach involving dialogue, negotiation, and collaboration with trading partners may be imperative to ensure a level playing field for all stakeholders.

DPIIT Alters FDI Norms for Space Sector

The article outlines that the Department for Promotion of Industry and Internal Trade (DPIIT) has made significant changes to the Foreign Direct Investment (FDI) norms in India's space sector. Under the new regulations, foreign investors can now own up to 74 percent of Indian space companies through the automatic route, meaning approval from the government is not required. This liberalisation of FDI rules aims to attract more foreign capital and expertise into India's space industry, which has been witnessing rapid growth and innovation in recent years.

Additionally, foreign investors can now acquire stakes beyond 74 percent with government approval, further opening up opportunities for collaboration and investment in the sector. These amendments are part of the government's broader efforts to boost economic growth, technological advancement, and international cooperation in India's space domain.[3]

Food for Thought

The recent notification by DPIIT regarding changes in FDI norms in the space sector has sparked discussions on its potential impact on market competition in India. These changes come at a crucial juncture when India is positioning itself as a significant player in the global space industry.

The relaxation of FDI norms in the space sector is poised to attract greater foreign investment, foster technology transfer, and enhance infrastructure development. This move could lead to increased collaboration between Indian and foreign entities, potentially bolstering innovation and R&D capabilities within the domestic space industry. Additionally, access to foreign capital and expertise may accelerate the

[3] https://economictimes.indiatimes.com/news/economy/policy/dpiit-notifies-changes-in-fdi-norms-in-space-sector/articleshow/108275098.cms

development of indigenous space technologies, enabling Indian companies to compete more effectively on a global scale.

However, the influx of foreign investment could also introduce new dynamics to the market competition landscape in India's space sector. While it may stimulate growth and innovation, there are concerns about the potential dominance of foreign players in the market. Indian space startups and domestic companies may face intensified competition from well-established multinational corporations with significant resources and experience. This could pose challenges for local players in terms of market access, pricing, and technology adoption.

Moreover, the impact of increased FDI on indigenous capabilities and strategic autonomy warrants careful consideration. While collaboration with foreign entities can bring benefits, there is a risk of over-reliance on external sources for critical technologies and expertise. This could potentially undermine India's long-term strategic interests in the space domain.

India's Anti-Dumping Policy: Protection or Hindrance to Growth?

India's anti-dumping duties are facing criticism from industry stakeholders who argue that they are hindering rather than safeguarding domestic industries. Recent cases, such as the imposition of steep anti-dumping duties on laser machines from China, have drawn attention to the negative impacts on various businesses. These duties are applied in sectors with growth potential, prompting calls for a holistic review of the policy. While anti-dumping measures aim to protect domestic producers from unfair trade practices, critics argue that they are impeding the country's "Make in India" initiative.

Challenges are particularly evident in sectors like chemicals, pharmaceuticals, and plastics, where high duties affect competitiveness and access to essential inputs. The process of investigating and implementing anti-dumping measures is deemed inefficient and lacking transparency.

Additionally, India's heavy use of anti-dumping measures has led to retaliatory actions, highlighting the need for a balanced approach that considers the interests of all stakeholders. Experts suggest aligning anti-dumping duties with domestic production incentives and adopting more selective applications to achieve a delicate balance between protecting domestic industries and promoting fair trade practices.[4]

Food for Thought

Anti-dumping measures are intended to shield domestic industries from unfair competition due to dumped imports. However, the effectiveness and implications of such policies on fostering growth and competitiveness warrant scrutiny. Many noted economists have termed antidumping as a toxin.

On one hand, India's anti-dumping policy serves as a safeguard for domestic industries, protecting them from the adverse effects of cheap imports. By imposing duties on dumped products, the government aims to level the playing field and prevent foreign manufacturers from undercutting local producers. This protectionist approach is essential for preserving the competitiveness of domestic industries and safeguarding jobs.

However, India's stringent anti-dumping measures may inadvertently stifle growth and innovation. Excessive reliance on protectionist policies could create a barrier to entry for foreign competitors, limiting market access and impeding the flow of goods and services. This can lead to complacency among domestic players, reducing incentives for efficiency improvements and technological advancements.

Furthermore, the potential misuse of anti-dumping measures for protectionist purposes rather than genuine concerns about unfair trade practices raises questions about India's commitment to fostering a conducive environment for market competition. Such practices may invite retaliatory measures from trading partners, escalating trade tensions and disrupting global supply chains.

Balancing the need for protection with the imperative of promoting healthy market competition is paramount. India must ensure that its anti-dumping policy strikes a delicate balance between safeguarding domestic industries and fostering a competitive business environment. This entails implementing measures that encourage innovation, investment, and productivity improvements while safeguarding against unfair trade practices.

4 https://economictimes.indiatimes.com/small-biz/trade/exports/insights/indias-anti-dumping-policy-safeguarding-industries-or-stifling-growth/articleshow/108808174.cms

B. Policies Promoting Competition

Govt Halts Stadium Monetisation

The plan to monetise stadiums is likely to be abandoned by the Centre, with a focus on reworking the strategy for the iconic Ashok Hotel in the national capital, according to sources. The hotel is expected to be offered under the Public Private Partnership (PPP) mode through a single transaction, delaying the asset monetisation plan for the state-run Ashok Hotel.

The Tourism Ministry is revising the approach to monetise it in an integrated manner. Additionally, the plan to monetise stadiums has been sidelined to prioritise providing training facilities for sportspersons across the country.[5]

Food for Thought

The recent decision by the Indian government to abandon plans for the monetisation of stadiums has stirred discussions on its impact on market competition, particularly in the sports and entertainment sectors. The proposed monetisation scheme aimed to lease out stadiums to private entities for commercial events, to generate revenue and promote infrastructure development. However, the decision to shelve this initiative raises questions about its potential effects on fostering competition and innovation in India's market landscape.

Proponents of stadium monetisation argue that involving private players could have injected much-needed capital and expertise into the sports infrastructure sector. Private investment in stadium management and development could have led to improvements in facilities, technology integration, and fan experiences, thereby enhancing the overall quality of sporting events in India. Moreover, opening up stadiums to private management could have promoted competition among different operators, leading to greater efficiency and innovation in service delivery.

However, the government's decision to abandon stadium monetisation raises concerns about the potential stifling of competition and innovation in the sports and entertainment sectors. By retaining control over stadium management, the government

5 https://timesofindia.indiatimes.com/city/delhi/govt-to-shelve-stadium-monetisation/articleshow/107411436.cms

may limit opportunities for private investment and entrepreneurship in this space. This could result in a lack of diversity in offerings, reduced incentives for innovation, and slower infrastructure development in the sports and entertainment sectors.

Furthermore, the shelving of stadium monetisation may have broader implications for India's competitiveness in the global sports and entertainment market. In an increasingly interconnected and competitive world, modern and well-equipped stadiums are essential for attracting international events, sports tourism, and investment. Without adequate infrastructure and private sector involvement, India may struggle to keep pace with other countries in hosting major sporting and entertainment events, potentially losing out on economic opportunities and global visibility.

New Bidders Bring Hope to Bankrupt Go Air

Ajay Singh of SpiceJet has placed a bid for GoFirst in collaboration with Busy Bee. The bid is part of SpiceJet's efforts to expand its presence in the aviation sector. The move comes amidst SpiceJet's plans to diversify its business and strengthen its market position. If successful, the acquisition will facilitate SpiceJet's growth trajectory and enhance its competitiveness in the airline industry. The bid reflects SpiceJet's strategic approach to capitalising on opportunities for expansion and consolidation within the aviation market, aligning with its long-term business objectives.[6]

Food for Thought

The joint bid by SpiceJet and Busy Bee for GoFirst has sparked intrigue in the Indian aviation sector, presenting a perpetual quest for market dominance in an industry characterised by its dynamic nature. This move is not only strategic but it also underscores a broader trend of consolidation within the Indian aviation market.

The collaboration will reshape operational strategies within the market while revitalising GoFirst. The strategic move by SpiceJet is expected to lead to enhanced revenue growth and cost-effectiveness, underscoring the competitive interest in GoFirst and its potential for revival. Further, the potential acquisition of GoFirst by SpiceJet could herald a new era of competition, reshaping the competitive landscape. With increased scale and

6 https://www.livemint.com/companies/news/spicejets-ajay-singh-bids-for-gofirst-11708075545635.html

resources, the merged entity could potentially challenge the dominance of established players like IndiGo and Air India.

Moreover, India's National Company Law Tribunal has extended the insolvency resolution process of GoFirst by 60 days. Thus, creating new avenues for operational synergy and market expansion, benefitting both the airlines through optimising route planning, achieving cost efficiencies and enhancing service offerings to meet diverse passenger needs.

In conclusion, this action enhances competition in the aviation market by increasing the market presence of both airlines and competitive pricing with lower operating costs achieved through economies of scale.[7]

Parliament Panel Urges DGCA Intervention on Airfare Disparity

A parliamentary panel has proposed route-specific capping of airfares. The suggestion aims to address concerns regarding fluctuating air ticket prices, especially during peak seasons and emergencies. The panel emphasises the need to protect consumer interests and ensure affordability and accessibility of air travel. Implementing route-specific fare caps would require coordination between airlines and regulatory authorities to establish transparent and equitable pricing mechanisms. This initiative aligns with efforts to enhance passenger welfare and promote fair competition within the aviation sector, contributing to a more regulated and sustainable air travel ecosystem.[8]

Food for Thought

Setting up a separate entity to exercise control over air price gouging marks a significant development in the Indian aviation market, by enhancing market competition. On one hand, the route-specific capping could foster a more level playing field among all existing airlines operating on the same routes and other hand, passengers can also benefit from more affordable ticket prices and increased accessibility to air travel.

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7 https://www.linkedin.com/posts/ashutoshvashist_strategic-developments-in-indian-aviation-activity-7164247854377631744-nj1B/

8 https://economictimes.indiatimes.com/industry/transportation/airlines-/-aviation/parliamentary-panel-suggests-route-specific-capping-of-airfares/articleshow/107532655.cms?from=mdr

The Indian aviation market has a duopoly feature dominated by IndiGo and Air India, commanding around 70.8 percent share of the market. According to the Civil Aviation Ministry, self-regulation of ticket prices by aviation companies is often ineffective and there is an increasing need for a Central Government regulation of airfares. Through this price-capping measure, the abnormal price rise during festivals and holidays will be regulated and the smaller competitors will be able to sustain themselves in the highly competitive market.

The determination of airfares is influenced by revenue management and commercial considerations aimed at maximising shareholder value, with passenger interests having no impact on the fixation of airfares.[9] *Therefore, a separate entity with quasi-judicial powers to exercise control and explore the possibility of implementing a fare ceiling specific to each route is the need of the hour. This will also create an opportunity to revise the policy on variation in prices of seats for the same flights.*

Not only in the domestic sector but even on international routes, foreign and domestic airlines are indulging in price gouging even when there is competition. Perhaps, there is no collusion but certainly price parallelism when leaders set the high prices and others follow. This could be the result of collective abuse of dominance also. Authorities should also look into this.

RBI Clears 'Interoperable' Net Banking Payments

Interoperable net banking payments have been approved by the Reserve Bank of India (RBI). This decision aims to enhance the efficiency and convenience of online transactions for bank customers. The approval enables users to make payments through net banking across different banks' platforms seamlessly.

The move is expected to streamline the digital payment ecosystem and promote interoperability among banks, facilitating smoother and more accessible online transactions. This decision underscores the RBI's commitment to fostering innovation and improving the digital banking experience for customers, ultimately contributing to the growth of India's digital economy.[10]

[9] https://www.deccanherald.com/opinion/benchmark-prices-to-counter-emerging-duopoly-in-indian-aviation-1243594.html

[10] https://timesofindia.indiatimes.com/business/india-business/rbi-clears-interoperable-net-banking-payments/articleshow/108215600.cms

Food for Thought

The RBI's recent approval of interoperable net banking payments marks a significant leap forward in fostering market competition within India's financial landscape. This will eliminate the hassle of navigating multiple interfaces and further streamline the payment process. By breaking down barriers between banks, the RBI is paving the way for a more competitive market environment. Further, this will help small businesses to do e-commerce as it will no longer require onboarding banks individually, resulting in lower payment charges for merchants.

One of the key benefits of enhanced interoperability is the expansion of choice for consumers. With greater flexibility in transferring funds, individuals and businesses can choose financial service providers based on factors such as pricing, service quality, and innovation. This increased competition incentivises banks to improve their offerings to attract and retain customers, ultimately driving up standards across the industry. Moreover, this will foster innovation by encouraging banks to develop new technologies and services to differentiate themselves in the market.

Furthermore, the RBI's decision promotes financial inclusion, a step towards India's Payments Vision 2025, by ensuring that all banks, regardless of their size or reach, can participate in the digital payment ecosystem.[11] *This levels the playing field and allows smaller banks to compete more effectively with their larger counterparts. As a result, customers in remote or underserved areas gain access to a broader range of financial services, driving economic growth and empowerment.*

MGL's Mumbai Gas Monopoly Ends

Mahanagar Gas Limited's (MGL) monopoly on Mumbai's city gas network has officially come to an end, as announced by the Petroleum and Natural Gas Regulatory Board (PNGRB). This decision signals a notable change in the dynamics of gas distribution in the city. With MGL's exclusive hold on the market now lifted, other companies have the opportunity to enter and operate within Mumbai's gas distribution network.

[11] https://www.livemint.com/news/rbi-to-streamline-net-banking-by-making-merchant-payments-interoperable-11709558704238.html

This move by PNGRB is expected to stimulate competition in the sector, potentially resulting in enhanced services and competitive pricing for consumers. It also aligns with broader efforts to liberalise and diversify the energy market, providing consumers with more options and driving innovation in the sector.[12]

Food for Thought

The end of MGL's monopoly on Mumbai's city gas network, as declared by the Petroleum and Natural Gas Regulatory Board (PNGRB), marks a significant milestone in promoting market competition within India's energy sector. This will open up avenues for increased competition, innovation, and consumer choice, ultimately benefiting both businesses and consumers alike.

New players will have the opportunity to enter the market and offer alternative gas distribution services in Mumbai. This not only encourages healthy competition but also fosters innovation as companies strive to differentiate themselves through improved services, pricing, and technology. Competition will further incentivise companies to enhance their infrastructure, invest in technology, and optimise operations to meet the evolving needs of consumers.[13] As a result, Mumbai residents can expect improved reliability, affordability, and convenience in accessing natural gas for various applications.

Moreover, this will encourage new entrants, stimulate innovation by improving competitiveness in the energy market, and empower consumers. This move sets the stage for a more vibrant and competitive marketplace that benefits all stakeholders. Furthermore, with the decision to end MGL's monopoly, a common carrier system could be introduced which will further dismantle barriers to entry for new suppliers, promoting market efficiency by optimising the utilisation of existing infrastructure. By affording all gas suppliers equal access to pipeline infrastructure and incentivising improvements in service offerings, this initiative will fuel healthy competition and pave the way for a more vibrant and consumer-centric marketplace.

[12] https://economictimes.indiatimes.com/industry/energy/oil-gas/mgls-monopoly-on-mumbais-city-gas-network-has-ended-pngrb/articleshow/108237105.cms?from=mdr

[13] https://www.constructionworld.in/energy-infrastructure/oil-and-gas/mgls-monopoly-in-mumbais-city-gas-network-ends/52111

Allotted Flats Excluded from the Liquidation Process

The Insolvency and Bankruptcy Board of India (IBBI) has declared that flats allocated to homebuyers will not be included in the liquidation process, providing relief to homebuyers. This decision aims to protect the interests of homebuyers who have invested in real estate projects undergoing insolvency proceedings.

Flats allotted to buyers will be treated as their property and will not be liquidated to repay creditors. The move underscores efforts to safeguard the rights of homebuyers and ensure they receive their promised residences, mitigating financial losses and uncertainties associated with real estate insolvency cases.[14]

Food for Thought

The decision by the IBBI that allotted flats will not be included in the liquidation process will bring significant relief to homebuyers and have far-reaching implications for market competition in India's real estate sector. A longstanding concern among homebuyers, who have invested their hard-earned savings in residential projects that have stalled due to financial distress faced by developers, is addressed by this measure. By ensuring that allotted flats are not subject to liquidation, the interests of homebuyers are safeguarded, providing them with much-needed assurance regarding the completion of their homes.

Furthermore, a positive impact will also be observed on both domestic and international investors as risks associated with investing in residential projects, especially those under insolvency proceedings, are mitigated by this decision. An influx of investment capital will be facilitated into the sector, injecting much-needed liquidity, and supporting the completion of stalled projects, thus promoting overall industry growth.

Moreover, by protecting the rights of home buyers, a more vibrant and competitive real estate market in India is contributed to by the IBBI. Consumers are more likely to invest in projects where their interests are safeguarded, leading to increased demand for properties from reputable developers who prioritise customer satisfaction. This, in turn, encourages developers to uphold high standards of quality and transparency to remain competitive in the market.

[14] https://www.hindustantimes.com/real-estate/relief-to-homebuyers-allotted-flats-will-not-be-part-of-liquidation-process-says-insolvency-and-bankruptcy-board-101708185884552.html

But, if any real estate project is in progress, efforts may be made to ensure that the project is completed as per the original plans. This will create a possibility of involving third-party developers or investors. Further, home buyers who have purchased flats that are still under construction may face uncertainty and delays if the project is stalled due to insolvency proceedings. In such cases, they may experience delays in possession and face challenges in obtaining refunds or compensation for their investments.

C. Policies Inhibiting Competition

SC Rejects Jalan Kalrock's Plea in Jet Airways Case

The dismissal of Jalan-Kalrock's plea for a new payment plan in the Jet Airways case could potentially impede competition in India's aviation sector. Jet Airways, once a major player in the industry, has been grounded since 2019 due to financial troubles. The inability to revive the airline under new ownership or management could lead to decreased competition in the market.

With fewer airlines operating, consumers may face limited choices for air travel, resulting in higher prices and reduced service quality. Additionally, the lack of competition could hinder innovation and investment in the aviation sector, ultimately impacting overall industry growth and development.[15]

Food for Thought

The Supreme Court's dismissal of the Jalan-Kalrock consortium's plea for a new payment plan in the Jet Airways insolvency case has significant implications for market competition in India's aviation sector. Jet Airways, once a prominent player in the Indian aviation market, ceased operations in April 2019 due to financial troubles. The efforts to revive the airline have been fraught with challenges, and the recent ruling by the Supreme Court adds another layer of complexity to its revival process, potentially inhibiting competition in the sector.

The decision underscores the challenges faced by distressed companies seeking resolution under the insolvency framework, particularly in highly competitive industries like aviation. The inability to devise a viable payment plan for Jet Airways not only affects

[15] https://www.livemint.com/companies/news/jet-airways-case-sc-dismisses-jalan-kalrocks-plea-for-new-payment-plan-11706865400184.html

the prospects of its revival but also has wider implications for market competition. With Jet Airways out of the picture, the Indian aviation market has witnessed a consolidation of power among existing players, leading to reduced competition and potentially higher airfares for consumers.

The prolonged uncertainty surrounding Jet Airways' revival has hindered the entry of new players into the market. The absence of a robust and competitive aviation sector not only affects consumer choice but also dampens the prospects of innovation and service quality improvements. In a competitive market environment, the presence of multiple players fosters innovation, efficiency, and customer satisfaction. However, the prolonged absence of Jet Airways and the failure to revive it could lead to a market structure dominated by a few key players, limiting consumer options and potentially leading to oligopolistic behaviour.

Furthermore, the Supreme Court's decision sends a signal to distressed companies and potential investors about the challenges of navigating the insolvency process in India. This could deter investment in struggling businesses, further consolidating power among existing players and stifling competition in various sectors.

CCI Study Recommends Iron Ore Export Restrictions for Aatmanirbhar Bharat

The Competition Commission of India (CCI) market study advocates restricting iron ore exports to promote self-reliance (Aatmanirbhar Bharat). The study suggests imposing export curbs to ensure adequate domestic supply and stabilise prices. It emphasises the need to prioritise the domestic steel industry's requirements over exports, aiming to reduce dependency on imported iron ore and safeguard the interests of domestic stakeholders.

This recommendation aligns with the government's focus on fostering indigenous production capabilities and enhancing self-sufficiency in critical sectors, contributing to the nation's economic resilience and strategic autonomy.[16]

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16 https://www.thehindubusinessline.com/economy/cci-market-study-urges-restricting-iron-ore-exports-for-aatmanirbhar-bharat/article67695793.ece

Food for Thought

The call to restrict iron ore exports, as suggested by a recent market study conducted by the CCI, raises concerns about its potential impact on market competition in India. Iron ore, a crucial raw material for various industries, holds significant strategic importance for India's economic growth and self-sufficiency aspirations. However, the proposal to curtail iron ore exports in favour of promoting an "Aatmanirbhar Bharat" (self-reliant India) agenda warrants careful consideration due to its potential repercussions on market competition.

Limiting iron ore exports could lead to a distortion in domestic market dynamics, potentially inhibiting competition among domestic players. By restricting exports, the supply of iron ore available for domestic consumption may increase, leading to decreased prices and increased availability for downstream industries such as steel production, construction, and manufacturing. This could create a monopolistic environment where a few large players control the supply chain, stifling competition and innovation.

Furthermore, restricting iron ore exports may have adverse effects on India's trade relations and global competitiveness. India is a significant player in the global iron ore market, and any move to limit exports could lead to retaliatory measures from trading partners, affecting bilateral trade agreements and economic diplomacy efforts. Additionally, reducing iron ore exports may impact India's reputation as a reliable supplier in the international market, potentially diminishing its attractiveness to foreign investors and partners.

However, the proposal to restrict iron ore exports could inadvertently hinder the growth and development of downstream industries that rely on imported iron ore. Industries such as steel manufacturing, automotive, and infrastructure development may face increased costs and supply chain disruptions, impacting their competitiveness in both domestic and international markets.