

Mains Practice Question

Q. Examine the role of Competition Commission of India in promoting economic democracy. What challenges does it face in regulating digital markets? **(250 words)**

22 Oct, 2024 GS Paper 2 Polity & Governance

Approach

- Start the answer with a brief introduction about Competition Commission of India
- Give Role of CCI in Promoting Economic Democracy
- Delve into Challenges in Regulating Digital Markets
- Suggest a way forward
- Conclude suitably.

Introduction

The Competition Commission of India (CCI), established under the Competition Act, 2002, plays a pivotal role in promoting economic democracy in India. Its mandate is to ensure fair competition, protect consumer interests, and prevent anti-competitive practices.

Body

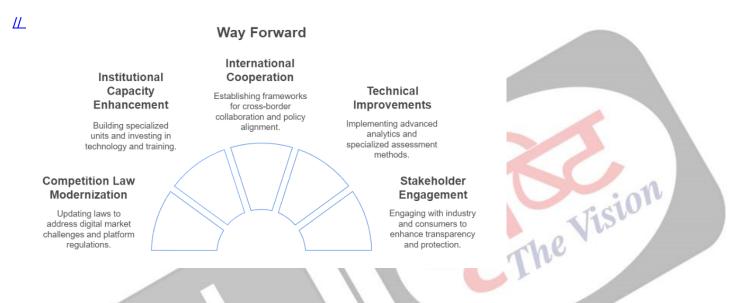
Role of CCI in Promoting Economic Democracy:

- Preventing Anti-Competitive Practices: The CCl actively investigates and prohibits anticompetitive agreements, such as cartels, price-fixing, and bid-rigging. These practices can stifle competition, reduce consumer choice, and inflate prices, harming the interests of consumers and small businesses.
 - In 2022, the **National Company Law Appellate Tribunal** upheld the Rs 873-crore penalty imposed by the CCI on beer manufacturers.
- Regulating Mergers and Acquisitions: The CCI reviews mergers and acquisitions to assess their potential impact on competition.
 - By preventing anti-competitive mergers, the CCI ensures that markets remain contestable and that consumers benefit from a variety of choices.
 - In 2023, CCI approved Air India's acquisition of Vistara with certain conditions.
- Addressing Abuse of Dominant Position: The CCI monitors the behavior of dominant firms to prevent them from abusing their market power.
 - Such practices can include predatory pricing, tying, and bundling, which can harm smaller competitors and limit consumer options.
 - Example: Investigation into Google's Play Store billing policies violation of Section 4
 of the Competition Act.

Challenges in Regulating Digital Markets:

• Global Nature of Digital Markets: Digital platforms often operate on a global scale, making it difficult for national antitrust authorities to regulate them effectively.

- Coordination and cooperation with international regulators are essential to address crossborder competition issues.
- Rapid Technological Advancements: The rapid pace of technological change in the digital economy can make it challenging for the CCI to keep up with the latest developments and identify potential anti-competitive practices.
- Data Privacy Concerns: The collection and use of personal data by digital platforms like
 WhatsApp's privacy policy, raise privacy concerns and can create barriers to market entry for smaller competitors. Balancing competition concerns with privacy interests is a complex task.
- Network Effects: Digital markets often exhibit network effects, where the value of a platform increases with the number of users. This can create barriers to entry and allow dominant platforms to exercise significant market power.
- Measurement of Market Power: In digital markets, traditional measures of market power, such
 as market share, may not be as effective. The CCI needs to develop new tools and
 methodologies to assess market power in the digital context.



Conclusion

CCI plays a crucial role in promoting economic democracy by ensuring a **level playing field and protecting consumer interests.** By strengthening international cooperation, investing in technological expertise, and **developing new tools to assess market power in the digital age**, the CCI can continue to promote a competitive and inclusive market environment for the benefit of Indian consumers and businesses.

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