

## **1. Competition (Amendment) Bill, 2022**

**Prelims Syllabus:** Industries – Textile, E-Commerce, Pharma, Service

**Mains Syllabus:** GS-III Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.



### **Why in News?**

- President Droupadi Murmu has given assent to the bill to amend the competition law and the changes seek to ensure regulatory certainty and foster a trust-based business environment.

### **What is the Competition Act, 2002?**

- The Competition Act, 2002, regulates competition in the Indian market and prohibits anti-competitive practices such as cartels, abuse of dominant market position, and mergers and acquisitions that may have an adverse effect on competition. The Act has been amended by the Competition (Amendment) Act, 2007.
- The Competition Commission of India (CCI) is responsible for implementing and enforcing the Act.
- The Competition Appellate Tribunal is a statutory body created in accordance with the Competition Act, 2002 to hear and regulate on appeals against any rules made, decisions made, or orders made by the Competition Commission of India.
- The government replaced the Competition Appellate Tribunal with the National Company Law Appellate Tribunal (NCLAT) in 2017.

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## What are the Amendments to the Competition Act Proposed?

### Penalties for Competition Law Violations:

- The Bill amends the definition of "turnover" to include global turnover derived from all products and services by a person or an enterprise.
- The amendment allows for the imposition of penalties for competition law violations based on a company's global turnover, rather than just its turnover in India.

### Timelines for Approving Combinations:

- The Bill reduces the time limit for the CCI to form a prima facie opinion on a combination from 30 working days to 30 days.
- The change aims to speed up the process of approving mergers and acquisitions in India.

### Review of Regulations:

- The Bill seeks to amend the Competition Act, 2002, to regulate mergers and acquisitions based on the value of transactions. Deals with transaction value of more than Rs 2,000 crore will require CCI's approval.
- The Bill proposes to reduce the timeline for the CCI to pass an order on such transactions from 210 days to 150 days.
- The Bill decriminalizes certain offences under the Act by changing the nature of punishment from imposition of fine to civil penalties.
- These offences include failure to comply with orders of the CCI and directions of the Director General related to anti-competitive agreements and abuse of dominant position.

### What are the Benefits of the Competition (Amendment) Bill?

- **Promoting Ease of Doing Business:** The amendments to the Competition Act aim to reduce regulatory hurdles and promote ease of doing business in India. The amendments are expected to provide greater clarity to businesses operating in India and reduce the compliance burden for companies.
- **Enhancing Transparency:** The inclusion of global turnover in the definition of "turnover" aims to enhance transparency and accountability in the Indian market. The amendment ensures that companies cannot escape penalties for competition law violations by shifting their revenue to other countries.