

Big relief to industry as Centre agrees to extend settlement mechanism to cartels

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In a huge relief to industry, the Centre has accepted the recommendation of the Parliamentary Standing Committee on Finance to include cartels within the scope of settlement mechanism proposed under the Competition (Amendment) Bill 2022.

The decision is expected to be reflected in a slew of official amendments likely to be moved on the Bill by the government next week, sources said.

The official amendments will look to incorporate some of the recommendations made by the committee, which examined the Com-

petition (Amendment) Bill 2022 and tabled a report in Parliament, they said.

The Cabinet had, on January 24, approved the proposal mooted by Ministry of Corporate Affairs to move official amendments in the light of certain recommendations made by the House Panel.

ABUSE OF DOMINANCE

While accepting the suggestion to include cartels within the scope of proposed settlement mechanism, the Government has rejected the proposal of the panel to incorporate 'effects'-based approach in the Competition Act for examining the cases of abuse of dominance, sources privy to the develop-

ment said. At present, the law does not require the competition watchdog to establish 'actual effects' of the anti-competitive conduct of dominant undertakings. Introduction of effects-based doctrine was a key demand of big tech industry.

The Bill — which proposes many substantive, procedural and institutional changes — was introduced in the Lok Sabha on August 5 last year.

Although the government is not bound to accept and incorporate the recommendations given by the Standing Committee, the government has found merit in some.

The proposed inclusion of cartels within the scope of settlement mechanism is

likely to provide a huge relief to the industry as monetary penalties for cartelisation are extremely high. Making them eligible to go in for settlement would reduce the monetary burden on those found to have been engaged in cartelisation, sources said.

RESOLVING CASES

The Bill proposed settlement mechanism for resolving antitrust cases at a faster pace. However, the mechanism was confined to only certain types of anticompetitive agreements and abuse of dominance cases. Cartels were kept out of the purview of the settlement mechanism as they are considered to be more harmful to the market and the economy.