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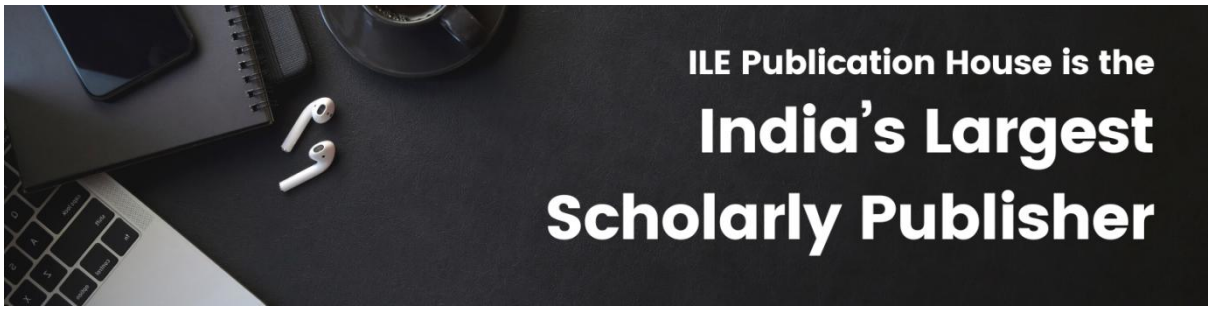

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A LEGAL STUDY ON ANTI- COMPETITIVE AGREEMENTS IN INDIA

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Introduction

Competition is a fundamental pillar of a healthy market economy. It promotes efficiency, innovation, and consumer welfare by encouraging businesses to offer better products and services at competitive prices. However, when enterprises enter into agreements that distort or restrict competition, the very essence of a free market is undermined. Such arrangements, known as anti- competitive agreements, pose serious threats to economic growth and consumer interests.

In India, the challenge of detecting and regulating anti- competitive agreements is particularly complex due to the diversity of markets and the covert nature of such arrangements. These agreements often occur behind closed door3, using informal communications or tacit understandings that leave little direct evidence. Recognizing these challenges, the legislature enacted the Competition Act, 2002 to regulate and prevent practices that adversely affect competition.

This article examines the concept, evolution, types, and legal implications of anti- competitive agreements in India, along with the role of adjudicatory bodies and key judicial decisions shaping this area of law.

Concept of Anti- Competitive Agreements

An anti- competitive agreement refers to any arrangement between enterprises that causes or is likely to cause an appreciable adverse effect on competition (AAEC) within a market. Under Section 3 of the Competition Act, 2002, such agreements are declared void.

These agreements may be formal or informal, written or unwritten. Even tacit understandings where parties act in coordination without explicit communication— can fall within the ambit of the law. The defining factor i3 not the form of the agreement but its effect on market competition consumer choice.

Historical Evolution of Competition Law in India

The development of competition law in India reflects a gradual transition from controlling monopolies to promoting competition.

Initially, the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act) was enacted to prevent concentration of economic power. However, the MRTP regime focused more on curbing monopolies rather than fostering competition.

Post- 1991 economic liberalization exposed the inadequacies of the MRTP Act. The need for a modern legal framework led to the establishment of the Raghavan Committee, which recommended comprehensive reforms. Based on its report, the Competition Act, 2002 was enacted.

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Types of Anti-Competitive Agreements

Anti- competitive agreements are broadly classified into horizontal and vertical agreements.

Conclusion

Anti- competitive agreements pose a significant threat to market efficiency and consumer welfare. The Competition Act, 2002 represents a major step towards ensuring fair competition in India.

While the law provides a strong framework, its effectiveness depends on robust enforcement, awareness, and continuous adaptation to evolving market dynamics.

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