

COMPETITION POLICY AND FOREIGN INVESTMENT

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MS. MONICA,

ASS. PROF.,

DEPT. OF ECONOMICS,

PATNA WOMEN'S COLLEGE.

COMPETITION POLICY

MRTTP ACT 1969

COMPETITION
ACT, 2020



Objective of MRTTP Act---

- I. To prevent the concentration of economic power to the common detriment.
- II. Prohibition of
 - a.) Monopolistic Trade Practices
 - b.) Restrictive Trade Practices
 - c.) Unfair Trade Practices

➤ Monopolistic Trade Practice:-

- It covers
- i.) unreasonable of prices charged
 - ii.) Unreasonableness in preventing or lessening competition in the market.
 - iii.) Unreasonably increasing prices, profits and
 - iv.) Limiting technical development to the common detriment.

- Restrictive Trade Practices:-It prevents ,distorts or restricts competition for goods and services in any manner i.e distortion in competition.
- Unfair Trade Practices:- It consists of using various deceptive, fraudulent or unethical methods to obtain business.It includes misrepresentation ,false advertising tied selling and other acts that are declared unlawful by statute.It can also be referred to as deceptive trade practice.



COMPETITION ACT 2002

- It was enacted to shift the focus of the Govt.
 - a. From curbing monopolies
 - b. To promoting competition
- MRTP was replaced and repelled by Competition Act ,2002.
- Objective of Competition Act 2002:-
 1. To prevent practices having adverse effect on competition.
 2. To promote and sustain competition in markets.
 3. To protect the interests of Consumers.
 4. To ensure freedom of Trade carried on by other participants in markets in India and for matters connected therewith or incidental thereto.

FEATURES OF COMPETITION ACT 2002

- Prohibition of Certain agreements which are considered to be anti-competitive in nature. Such agreements (be in arrangements), exclusive dealings (supply and distribution), refusal to deal (and resale price maintenance) shall be presumed as anti-competitive if they cause or are likely to cause an appreciable adverse effect on competition within India.
- Prohibition of Abuse of Dominant position. If an enterprise by imposing unfair or discriminatory conditions or limiting and restricting production of goods or services or indulging in practices resulting in denial of market access or through in any other mode are prohibited.
- Regulation of combinations which cause or are likely to cause an appreciable adverse effect on competition within the relevant market in India is also considered to be void.
- Entrust Competition Commission of India the responsibility of Undertaking Competition advocacy, awareness and training about competition issues.

FOREIGN INVESTMENT

- Foreign [investment](#) involves capital flows from one country to another, granting extensive ownership stakes in domestic companies and assets
- Foreign investments can be classified in one of two ways: (a)direct
(b.)indirect.
- **Foreign direct investments** (FDIs) are the physical investments and purchases made by a company in a foreign country, typically by opening plants and buying buildings, machines, factories and other equipment in the foreign country.



- **Foreign indirect investments** involve corporations, financial institutions and [private investors](#) buying stakes or positions in foreign companies that trade on a [foreign stock exchange](#). this form of foreign investment is less favourable, as the domestic company can easily sell off their investment very quickly, sometimes within days of the purchase. This type of investment is also sometimes referred to as a foreign portfolio investment (FPI). Indirect investments include not only equity instruments such as stocks, but also debt instruments such as bonds.

- The country has faced elevated trends of the foreign direct investment due to building investor-friendly climate in the country, thereby enabling the ease of doing business. India has been able to climb up to 10th position in 2015 from 15th position in 2014 as a trusted nation for Foreign direct investment. As a result, India has attracted foreign direct investments worth of \$40 billion for the financial year 2015- 16, which was 29.2% higher than the last year (UNCTAD, 2016).

