

Q .1 Discuss the role and powers of the Competition Commission of India (CCI) in regulating competition in the Indian market. How effective has the CCI been in promoting healthy competition and protecting consumers from anti-competitive practices? Examine.

Approach

Start with basic intro on the CCI, and simply write different role and powers and then examine how much CCI has been effective in its work with giving different example.

Introduction

Competition Commission of India aims to establish a robust competitive environment. Through proactive engagement with all stakeholders, including consumers, industry, government and international jurisdictions.

Body

Role and powers:

- To eliminate practices having adverse effects on competition, protect the interests of consumers and ensure freedom of trade in the markets of India.
- To give opinion on competition issues on a reference received from a statutory authority
- To undertake competition advocacy, create public awareness and impart training on competition issues.
- Consumer Welfare, to make the markets work for the benefit and welfare of consumers.
- Ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of the economy.
- Implement competition policies with an aim to effectuate the most efficient utilization of economic resources.

Work and judgements of CCI for promoting healthy competition:

- Google: CCI imposed a fine of ₹10 million upon Google in 2014 for failure to comply with the directions given by the Director General (DG) seeking information and documents.
- The commission ordered an antitrust probe against Google for abusing its dominant position with Android to block market rivals. This probe was ordered on the basis of the analysis of a similar case in the EU where Google was found guilty and fined.
- Cement companies: CCI imposed a fine of ₹63.07 billion (US\$910 million) on 11 cement companies for cartelisation in June 2012.
- It claimed that cement companies met regularly to fix prices, control market share and hold back supply which earned them illegal profits.
- BCCI: CCI imposed a penalty of ₹522 million (US\$7.6 million) on the BCCI in 2013 for misusing its dominant position.

- The CCI found that IPL team ownership agreements were unfair and discriminatory and that the terms of the IPL franchise agreements were loaded in favor of BCCI and franchises had no say in the terms of the contract.
- Telecoms: CCI ordered a probe into the functioning of Cellular Operators Association of India (COAI) following a complaint filed by Reliance Jio against the cartelization by its rivals Bharti Airtel, Vodafone India and Idea cellular.
- Airlines: CCI imposed a fine of ₹258 crores upon Three Airlines in 2015. Competition Commission of India (CCI) had penalized the three airlines for cartelisation in determining the fuel surcharge on air cargo.
- The Commission has adjudicated more than 1,200 antitrust cases i.e., case disposal rate is 89 % in antitrust cases.
- It has also reviewed more than 900 mergers and acquisitions till date, cleared most of them, within a record average time of 30 days.
- The Commission has also come up with several innovations like the 'Green Channel' provision for automated approval on combinations/transactions and cleared more than 50 of such transactions.

Challenges:

- With the advent of Web 3.0, AI, IoT, Blockchain and other technological developments, and emergence of issues like data protection and privacy, search bias, platform neutrality, deep discounting, hostile takeovers, confidentiality, etc, the need for a robust competition law.
- In spheres such as telecom, internet and big-technology, CCI's functions also overlap with other regulatory bodies such as the Telecom Regulatory Authority of India (TRAI).
- CCI has been called a 'Toothless regulator' by critics. Most of the orders of the CCI are under appeal before the National Company Law Appellate Tribunal (NCLAT) or under challenge in the high courts or the Supreme Court.

Conclusion

Currently India's Commission needs to update its definition of market now. There is a need to look into different new spaces like digital space and ensure that there are no monopolistic/duopolistic tendencies leading to price rises and supply side manipulations.

2. Analyse the role of the Securities and Exchange Board of India (SEBI) in regulating the securities market in India. How effective has SEBI been in promoting investor protection and market integrity? Examine.

Approach

Candidates can start the answer by writing basics on SEBI and explain its role in later part. Also, as per the demand examine its work and effectivity towards investors and market.

Introduction

In April, 1988 the SEBI was constituted as the regulator of capital markets in India under a resolution of the Government of India. Initially SEBI was a non-statutory body without any statutory power. It became autonomous and given statutory powers by SEBI Act 1992.

Body

Role of SEBI:

- To review the market operations, organizational structure and administrative control of the stock exchanges.
- To overlook the registration and regulation of working of market intermediaries such as merchant bankers, portfolio managers, stock broker etc.
- To overlook the registration and regulation of Mutual Funds, Venture Capital Funds and Collective Investment Schemes.
- Prohibiting fraudulent and unfair trade practices in the securities market. Prohibition of Insider Trading and to educate and train the investors.
- To regulate securities market intermediaries: SEBI has the power to regulate the intermediaries for proper functioning of the market. In order to do so it can also restrain persons from accessing the securities market and even prohibit any person from such access.
- To investigate: If SEBI has reasonable grounds to suggest that the any particular transaction or transactions are dealt in a manner which is detrimental for the investor, then it can order anyone to investigate such transactions.

Functioning of the SEBI:

- Corporate debt and securitization market: Despite numerous attempts the debt market volume has increased but it has failed to attract sufficient liquidity.
- Talent pool and market intelligence: In 2012 SEBI had 643 employees whereas US security and exchange commission alone had 1000 people. As we all know human resource is the most important resource for an organisation.
- Enforcement process: The statutory powers of SEBI are at par with a civil court SEBI has made various regulations.
- Deepening capital market: The number of participants in the capital market has not risen much. Still a large section of society does not deal in security market.
- SEBI has done a lot to encourage people to participate in capital market such as abolishing entry load on mutual funds, simplifying KYC norms but it needs to take some stronger steps to deepen participation in capital market.

- Matching up to global standard: Capital markets are growing and the size of SEBI as compared to security market is not sufficient to properly regulate the capital market like its peers (regulators of US and UK) it needs to established self-regulatory organisations. SRO can focus on routine decisions and SEBI can work on more important issues.

Way forward

- The regulator needs to develop a vibrant corporate debt market and securitization market but these largely remain part of over-the-counter market.
- It should work deeper participation in equity by pension, superannuation and gratuity funds, developing a vibrant retail debt segment and reducing the cost of transaction.
- SEBI need to strengthen its surveillance and enforcement functions it needs to ensure that violations do not go unnoticed whether small or large.
- SEBI needs to increase its human resource in both quality and quantity. It needs to significantly improve its market intelligence, technology and talent pool in order to improve its performance.
- There is need of an attitudinal change, indeed, hundreds of inputs about the market being full of crooks necessitating a crackdown and severe intervention would be received.

Q- 3. Analyse the impact of the National Food security Act on addressing malnutrition and food insecurity in India .How have various states implemented the provisions of the act and what challenges have they faced ? Discuss .

Approach -

In this question candidates need to write about impact of food security act on addressing malnutrition and food insecurity in India ,In second part of answer write about how states implemented this act and issues they faced .

Introduction-

The National Food Security Act, 2013 aims to provide subsidized food grains to approximately two-third of the country's population. The enactment of this landmark legislation, brought a paradigm shift in approach to food security, from welfare to rights-based approach

Body-

Impact of NFSA in eliminating hunger and malnutrition-

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- According to a UN report number of undernourished people in India has declined by 60 million between 2006 to 2019.
- Improved access to food grains have improved the hunger outcomes amongst the poor and underprivileged.
- Wide coverage of the 2/3rd population have increased resilience in the poor against income shocks.
- Stunting in children under 5 years of age, according to the UN report have decreased from 47.8% in 2012 to 34.7% in 2019.
- Monetary compensation has compensated against wage loss during pregnancy. PWLM can now access to healthier food options like fruits, vegetables etc.
- The awareness generated by the Asha workers have increased the number of infants who were exclusively breastfed from 11.2 million in 2012 to 13.9 million in 2019.
- However, there is still a long way for India to reach nutritional sufficiency as:
- Number of women in reproductive age suffering from anaemia grew from 165.6million in 2012 to 175.6 million in 2019.
- The CNNS have highlighted prevalence of hunger/malnutrition in India children.
- The number of obese adults in India grew from 25.2 million in 2012 to 34.3 million in 2016.
- Institutional infrastructure for delivering the provisions of the food bill is poor.
- Widespread corruption has siphoned off the benefits to ghost beneficiaries and middlemen.

Implementation of NFSA by states -

- After consulting with states, the State Ranking Index for NFSA was created to track the implementation of the NFSA and other reform measures across the country.
- The Index emphasizes the initiatives made by States and UTs, fosters cross-learning, and scales up reform initiatives by all States and UTs.
- The amount of hunger, if any, malnutrition, or both, in a certain state or union territory is not, however, reflected by this statistic.
- Three major pillars that span the full NFSA implementation through TPDS are the foundation of the Index.
- The NFSA, which assesses coverage, targeting, and Act provisions, forms the first pillar.
- The second pillar analyses the delivery system while considering the distribution, transportation, and last-mile delivery of foodgrains to Fair Price Shops (FPS).
- The department's nutrition activities are the subject of the third and final pillar.
- The effective implementation of the NFSA remains with the states/UTs and as governance differs from state to state, the effectiveness of the implementation would also differ in each state.

Challenges states faced while implementing NFSA-

- Lack of Transparency: According to a Comptroller and Auditor General (CAG) audit conducted in 2016, the wrong people were benefiting from the NFSA.
- It accuses many states of implementing the NFSA despite owning the information that their beneficiaries list is spurious.
- Leakages in PDS: a leakage indicates that the food grains do not reach the intended beneficiaries. The leakages may be of three types:
- pilferage during transportation of food grains

- diversion at fair price shops to non-beneficiaries
- exclusion of entitled beneficiaries from the list.
- Storage: According to the CAG audit, the available storage space was inadequate for the allocated quantity of food grains.
- Quality of food grains: people often complain that the quality of the food grains is not up to the mark and that the grains sometimes have to be mixed with other grains to be edible. Complaints stating that the grains also consist of non-food particles such as pebbles have also been registered.

Ways to increase the effectiveness of NFSA-

- The usage of Information Technology throughout the process from acquisition of the food grains to distribution will aid in enhancing the effectiveness of the process.
- For example, in January 2021, the DigiLocker facility has been advocated for adoption in the PDS. This is to help make e-ration cards accessible for the beneficiaries anytime from anywhere under the One National One Ration Card Scheme.

Conclusion-

Food bill has revolutionized the access to food grains; however, the need is to move towards nutritional security and not just food security. Further the structural bottlenecks in the implementation food bill should be corrected by leverage of technology.