

**PRESS RELEASE**  
**Competition Commission of India organizes Fourth Edition of**  
**National Conference on Economics of Competition Law**  
**March 1, 2019**

The Competition Commission of India (CCI) today organized the Fourth National Conference on Economics of Competition Law at the India Habitat Centre, New Delhi. Dr Krishnamurthy Subramanian, Chief Economic Advisor, Government of India was the Keynote Speaker at the Conference.

**Dr Subramanian**, in his Keynote Address, underscored the role of CCI in facilitating markets to foster innovation in India. The three major aspects that he highlighted for fostering innovation were effective competition in product markets, competition in factor markets and encouraging pro-competitive behaviour. Across most sectors, greater product market competition can play an important role in fostering innovation, he said. Pressing upon the need for competition policy to account for the specificities of the sector under consideration, he emphasised that competition law enforcement paradigm should be attuned to promotion of innovation and productivity of Indian firms and not chasing an illusionary perfect competition benchmark. The optimum level of competition to foster innovation depends on the structure of the industry wherein some amount of profits is necessary for firms to invest in innovation because firms consider risk adjusted returns. In a perfectly competitive market, firms cannot charge price greater than marginal cost and this does not leave enough profits to invest in research and development.

He also pointed out that product market competition needs to be complemented by competition in factor markets, viz. market for finance and market for research. Deep financial markets are critical for funding of new ideas. When new firms challenge incumbents, they innovate to avoid being “creatively destroyed”. He pointed out that proportion of credit, though not the magnitude, flowing to smaller firms has shrunk over the last decade, which needs to be addressed through enabling regulatory framework. Another important pre-requisite for an innovation ecosystem is skilled labour force. Here too competition has a role to play. The lack of dynamism and competition in the area of research markets diminishes incentives for research, which merits attention of policymakers.

Finally, underlining the importance of CCI, he pointed out that deterrence effect brings in behavioural change in firms that will address legacy issues of anti-competitive behaviour. He illustrated this behavioural shift in firms post the introduction of Insolvency and Bankruptcy Code (IBC) as they are now more prudent in their capital budgeting.

**Shri Ashok Kumar Gupta**, Chairperson, CCI, in his Special Address, emphasized that it is essential for an enforcing authority to frame its guiding policy in a clear and transparent manner. The discipline of economics can help in providing the much needed clarity and transparency. Further, he emphasized that competition is an economic law and most modern competition law regimes have economic goals, such as promoting economic efficiency and consumer welfare. The Competition Act, 2002, also rests on the economic foundation and its architecture is such that adjudication entails appreciation of the economics of markets and the impugned conduct. Effective economic analysis in the context of a case has to be based on empirical analysis, which in turn needs to be rooted in solid economic principles. He also stressed on the fact that economic analysis have to help in building legally robust cases CCI's decisions are subject to judicial review. It makes it important that the economic analysis used

in cases is comprehensible and that it fits well into the legal framework. Further, the Commission recognises the need for understanding market developments in different sectors. The Commission has initiated a market study in the e-commerce sector to understand the evolving competition landscape.

In her opening remarks, **Dr Sangeeta Verma**, Member, CCI, emphasized that markets are changing rapidly and the application of the law also has to keep pace, especially in the wake of digital space, Big data, Artificial Intelligence, internet of things, machine learning altering the market dynamics. She also mentioned that while some issues can be dealt with antitrust, other policy measures can offer more effective and appropriate responses in resolving some issues. She also pointed that this conference is an attempt to bring theory and practice closer, to reconcile legal principles to economic rationale and above all to have exchange of ideas.

The Conference, in addition to this Inaugural Session, had two technical sessions where researchers presented papers on economics of competition law, a Special Session on Contemporary Antitrust Issues and a Plenary on Digital Markets: Antitrust and Beyond.