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Lok Sabha approves competition law tweaks

The changes aim at bringing in greater regulation of corporates, particularly Big Tech firms, by introducing deal-value threshold for approvals by the Competition Commission of India (CCI), and enabling cartels avail of the CCI's settlement mechanism

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The Lok Sabha on Wednesday cleared the Competition (Amendment) Bill, 2022, which aims at bringing in greater regulation of corporates, particularly Big Tech firms, by introducing deal value threshold for approvals by the Competition Commission of India (CCI), and enabling cartels avail of the CCI's settlement mechanism.

A major change in the Bill, that now awaits the Rajya Sabha's nod, is the provision relating to penalties that the competition watchdog can levy. Presently, the CCI can impose a penalty of up to 10% of a company's average turnover in the "relevant market."

Now, the phrase "turnover" will refer to the "global turnover derived from all the products and services by a person or an enterprise" which, experts said, is a highly contentious provision that will result in higher penalties for global multi-product companies.

"The introduction of deal value thresholds under the competition law will bring transactions involving 'asset lite' and 'low revenue' companies (which were previously not notifiable), under the CCI's scrutiny," said Unnati Agrawal, partner, at IndusLaw.

Moreover, the settlements and commitments mechanism will ensure swift correction of anti-competitive behaviour and practices in the market and spare “willing and legally compliant companies” to face the rigours of an extensive investigation, she pointed out. The actual implementation of these changes will hinge on the regulations that the CCI will issue, following the Bill’s enactment.



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