



COMPETITION LAW AND COMPETITION ISSUES IN AVIATION

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Competition is as old as evolution of civilisation. Competition in a marketplace is the process of rivalry between business enterprises for customers – is a fundamental feature of a flexible and dynamic market economy.

It is “a situation in a market in which firms or sellers independently strive for the buyers’ patronage in order to achieve a particular business objective for example, profits, sales or market share” (World Bank, 1999)



What is Competition?

More
choices for
the
consumers

**Allocative
efficiency**

**Productive
efficiency**

**Dynamic
efficiency**

Why is Competition Necessary?

Market Structure

Market Structure (Types of Competition)



In Economics

Market structure refers to how different industries are classified and differentiated based on their degree and nature of competition for goods and services. It is based on the characteristics that influence the behavior and outcomes of companies working in a specific market.

Types

Perfect Competition

Factors that determine market structure -

- number of buyers and sellers,
- ability to negotiate,
- degree of concentration,
- degree of differentiation of products,
- ease or difficulty to enter and exit the market

Oligopoly

Monopoly

Monopolistic

Common features to determine market structure include

- The industry's buyer structure
- the turnover of customers
- the extent of product differentiation
- the nature of costs of inputs
- the number of players in the market
- vertical integration extent in the same industry
- the largest player's market share



What is Competition Law?

Competition law is codification of rules designed to promote and sustain market competition.

Competition law (or 'antitrust law' as it is known in the united states) is one form of regulation, that affects its territory without any regard to the effect of it on other nations.

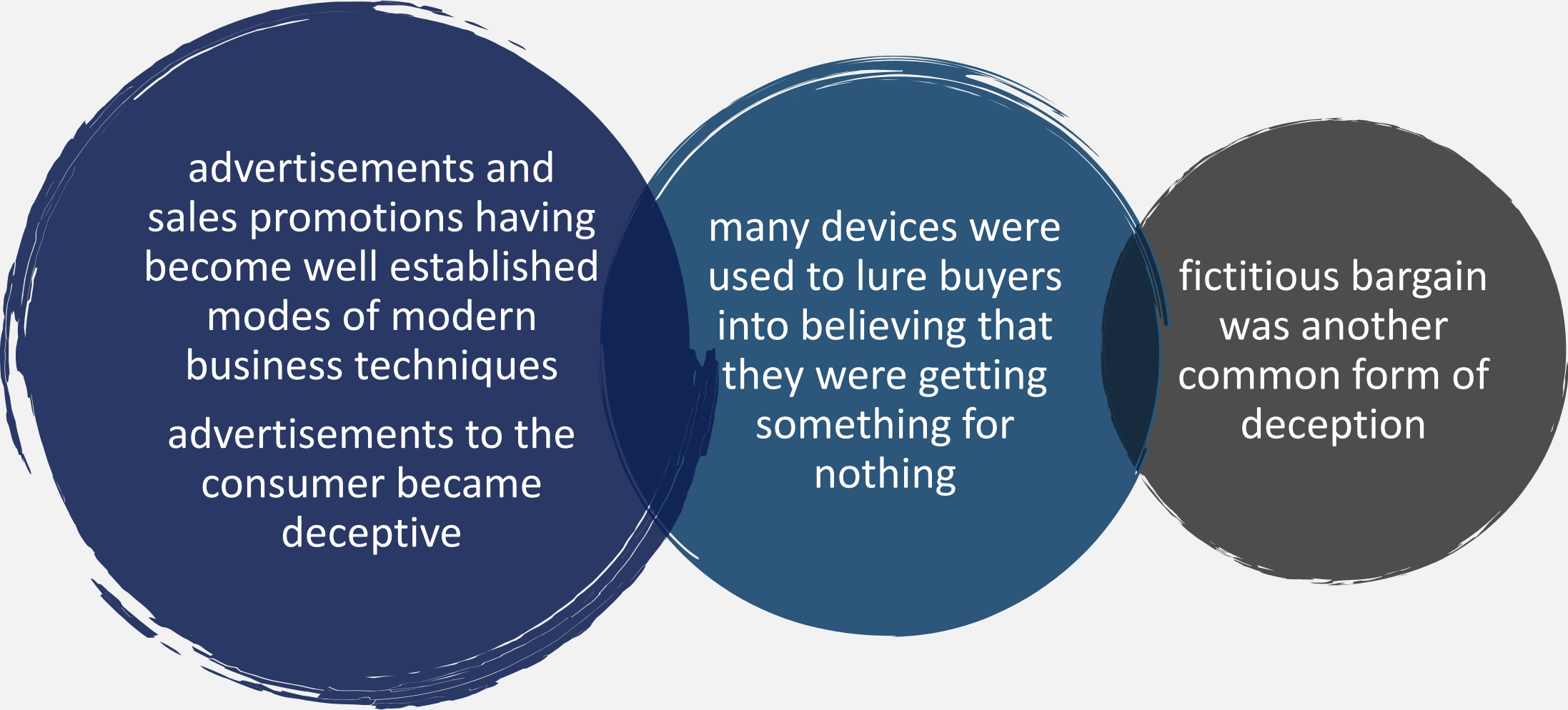
Competition law involves laws that promote or maintain market competition by regulating anti-competitive conduct.

M RTP Act

- In India the first competition law was enacted in 1969 i.e. Monopolies and Restrictive Trade Practices Act, 1969 ['M RTP Act, 1969'].
- The Monopolies and Restrictive Trade Practices Bill was introduced in the Parliament in the year 1967 and the same was referred to the Joint Select Committee.
- The M RTP Act, 1969 came into force, with effect from, 1 June, 1970.
- The enactment of M RTP Act, 1969 was based on the socio – economic philosophy enshrined in the Directive Principles of State Policy contained in the Constitution of India.
- The M RTP Act, 1969 underwent amendments in the 1974, 1980, 1982, 1984, 1986, 1988 and 1991.
- The amendments introduced in the year 1982 and 1984 were based on the recommendations of the Sachar Committee, which was constituted by the Govt. of India under the Chairmanship of Justice Rajinder Sachar in the year 1977.

Findings of Sachar Committee

The Committee recommended that an obligation is to be cast on the seller to speak the truth when he advertises and also to avoid half truth, the purpose being preventing false or misleading advertisements.



advertisements and sales promotions having become well established modes of modern business techniques advertisements to the consumer became deceptive

many devices were used to lure buyers into believing that they were getting something for nothing

fictitious bargain was another common form of deception

OBJECTIVES OF COMPETITION ACT, 2002

- TO ESTABLISH CCI (COMPETITION COMMISSION OF INDIA)
- TO PREVENT MONOPOLIES AND TO PROMOTE COMPETITION IN THE MARKET
- TO PROTECT THE FREEDOM OF TRADE FOR THE PARTICIPATING INDIVIDUALS AND ENTITIES IN THE MARKET
- TO PROTECT THE INTEREST OF CONSUMERS

**Anti-
Competitive
Agreements**

**Abuse of
dominant
position**

Combinations

**Competition
Commission
of India**

Salient Features



COMPETITION IN AVIATION INDUSTRY

Code-Sharing Agreements

Predatory Pricing

Collusions/Mergers/Acquisitions

Slot Allocation at Airports

THANKYOU

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