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# Merger Regulation under the Competition Act, 2002: A Comparative Legal Perspective

DHIRAJ CHOUDHARY[1]

## ABSTRACT

*The paper discusses the regulatory framework governing mergers and acquisitions in India under the Competition Act. It, thus, mainly focuses on provisions put out under India's Competition Act of 2002 and Regulations of 2011 of the Competition Commission of India related to the procedure to be followed for dealing with combinations of business transactions. Mergers and acquisitions regulation is of much importance as it deals with the anti-competitive practice such as market monopolization and consumers' welfare levels. This paper provides an analysis of the economic effects of the different mergers-the horizontal, vertical, and conglomerate types-and their implications on market competition, consumer welfare, and business efficiency. It further elucidates the inquiry processes, legal thresholds, and pre-merger notifications of the CCI in order to avoid anti-competitive practices. It attempts to track and probe the role of the Competition Commission of India in detailed legal mechanisms to prevent monopolistic practices, to protect consumer welfare. By analysing the key cases and decisions passed by the Competition Commission of India, it attempts to assess the strengths and challenges of the current regulatory regime through measuring effectively how well the regulation environment is working. This comparative legal analysis provides insights into the strengths and limitations of India's merger regulation regime, offering recommendations for more efficient enforcement and sector-specific guidelines to address emerging challenges in various industries.*

***Keywords**: Mergers and acquisitions (M&A), Competition Act 2002, Competition Commission of India (CCI), Regulatory framework Fair competition.*

## I. INTRODUCTION

Generally, a merger is the form of amalgamation where the assets and liabilities of the transferor company are merged with those of the transferee company[2]. The mergers are primarily of two types: horizontal and vertical. Moreover, when companies belonging to different markets merge, then such mergers are termed as conglomerate mergers[3].

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[1] Author is a student at NMIMS Kirit P. Mehta School of Law, India.
[2] admin, Provisions Regarding M&A in the Competition Law, 2002, IIPRD (2023), available at https://www.iiprd.com/antitrust-regulations-in-ma-navigating-the-legal-landscape/
[3] Conglomerate Merger, Black's Law Dictionary (10th ed. 2014)

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Mergers and acquisitions (M&A) play an important role in creating market competitiveness, economic growth, and the ability of a firm to extend further. However, it may also create a risk to competition in markets, cause monopolistic practices, a reduction in consumer choice, and inefficiencies in the market. Jurisdictions across the world have developed regulatory frameworks to review mergers and address anti-competitive outcomes.

The mergers regulation falls in the domain of the Competition Act, 2002. This gives the law a central legal basis for excluding business combinations that may harm competition. These are supplemented by Competition Commission of India (CCI) regulations, most notably the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011. The latter aims at ensuring that the mergers and acquisitions come under strict scrutiny to protect competitive markets and consumer interests.

Generally, two broad conditions have to be met for the merger to potentially have anti-competitive effects. First, the resulting market has to be significantly concentrated. Second, it must be either impossible or extremely impracticable for new competitors to enter the market in the near term and provide meaningful competition. This paper is an attempt to give a holistic view on regulation over mergers in India, starting off with a look at the relevant legal framework that governs such activities. The review would also assess regulations for mergers in light of the Competition Act, 2002, analysing the scope and extent and specifically in respect of horizontal mergers with a perception that these present the greatest threat to competition in the market.

## II. UNDERSTANDING MERGERS AND THEIR ECONOMIC IMPACT

Mergers constitute one of the key elements of corporate strategy, wherein two or more companies amalgamate into a single entity. In the Indian context, mergers often pursue various objectives such as improving their market share, reducing competition, attaining economies of scale, and diversifying products or services[4]. This chapter achieves some general awareness of mergers and wider economic implications involved in India.

### (A) Types of Mergers and their impact

a. **Horizontal Mergers:** These take place when two companies operating in the same industry and at the same stage of production combine. For instance, a consolidation between two India-based telecom companies, Vodafone and Idea, increases the scale of the market player. It increases market share, reduces cost, and enhances

[4] Mayashree Acharya, Mergers and Acquisitions in India - Meaning, Examples, Difference, Types, Recent Mergers and Acquisitions, ClearTax (2024), available at https://cleartax.in/s/mergers-and-acquisitions

market bargaining power with its suppliers in the case of a merged entity. An article from the Harvard Business Review[5] noted that *"horizontal mergers often produce market conditions more or less similar to those of monopolies, which often have more disadvantages than benefits for an economy".* The review further states that, of the after-effects of horizontal mergers, this one is usually found to be more pronounced than the others[6]. This kind of merger often produces arbitrary price increase that militates against fair pricing for the consumers. Statistics have also shown that mergers among firms of the same industry have not produced any observable gains in productivity or in the economy of the surrounding market

b. **Vertical Mergers:** Vertical mergers are those in which companies at different stages of the supply chain of the same industry merge with each other. For example, a cement company in India merging with the supplier of raw materials, such as limestone, is a vertical merger[7]. Such mergers can also smoothen production processes and may lead to reduced costs besides better supply chain control. It could, however, produce some bottle necks in the supply chain for competitors besides reduced market access for the smaller players. Vertical mergers benefit both the parties and the general economy. They ensure stability in areas such as product quality, raw material supply, and distribution. For example, the vertical merger between Reliance, which enjoys a turnover of over a billion dollars, and FLAG Telecom-a communication service provider-is very well-known. It served to open up Reliance's influence in the field of telecommunications and secured a reliable source of network transport. However, some merger types have negative impacts on the economy and are generally disapproved.

c. **Conglomerate Mergers:** Here, companies relate to those from different kinds of industries. For instance, an example can be seen in the merging of a financial services company and a consumer electronics company. The most prominent reasons for these mergers are probably found under the titles of diversification and risk aversion[8]. Company mergers in an Indian conglomerate take place mainly when

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[5] Mergers May Be Profitable, But Are They Good for the Economy?, Harvard Business Review (2016), available at https://hbr.org/2016/11/mergers-may-be-profitable-but-are-they-good-for-the-economy

[6] Allegrow, Horizontal vs. Vertical Merger: What's the Difference?, Allegrow (2024), available at https://allegrow.com/horizontal-vs-vertical-mergers/

[7] admin, Mergers and Acquisitions in India, Neva-Consulting (2022), available at https://nevaconsulting.com/mergers-and-acquisitions-in-india/

[8] admin, Mergers and Acquisitions in India, Neva-Consulting (2022), available at https://nevaconsulting.com/mergers-and-acquisitions-in-india/

entering new markets or product lines, and above all in the sectors of infrastructure, energy, and finance. It is almost impossible to predict the outcome of any industry today because there are so many variables that determine an outcome. Therefore, having businesses in a completely different region sometimes works to the advantage of a firm operating solely in one industry. Reliance Industries and Tata are apt examples in that regard because they have diversified business acquired through mergers, expanded their businesses, and ensured profitability in a number of industries. These economies of scale merge benefit the economy by enlarging organization operations and spreading their business so much that they stay within their resources and avoid the limitations of a narrow product line. They can even help to establish a solid brand image potentially all over the world.

### (B) Economic Effects of Mergers

The economic effects of mergers are broad scales, particularly in a rapidly emerging market like India[9]. Mergers can result in the concentration of market power into fewer hands and may often result in a monopolistic or oligopolistic market structure. For example, telecommunications, banking, and pharmaceuticals just happen to be some of the biggest markets in India. If market consolidation goes unmanaged, then it will bring high prices for consumers, reduced innovation, and less choice[10]. However, these mergers result in considerable cost saving due to economies of scale and operation synergies. Companies achieve efficiency in productions through resource amalgamation, hence lower their production cost, streamline their operations, and earn greater profitability. For instance, post-merge between Vodafone and Idea, the resultant firm in Indian telecom was compelled to optimize their usage of infrastructure, cut redundancies, and improve cost structures. Restructuring usually forms an outcome of a merge[11]. The process often results in the sacking of employees or a repositioning of roles as the organizations liquidate redundant roles. This should be taken seriously in India, as job creation constitutes a major aspect in the pursuit of economic development. Simultaneously, if mergers result in stronger, more competitive companies, they may perhaps contribute to the creation of jobs over the long term and support growth within an industry. In some ways, mergers stifle innovation because they weaken competition. Given the importance of innovation in industries like technology and

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[9] solis ventures, Impact of Mergers and Acquisitions in India on Economic Growth, Solis Capital & Ventures (2024), available at https://solisventures.in/the-impact-of-mergers-and-acquisitions-in-india-on-economic-growth/

[10] Ibid

[11] ashwin, Role of Mergers and Acquisitions in Boosting the Indian Economy, Enhelion Blogs (2021), available at https://enhelion.com/blogs/2021/03/24/role-of-mergers-and-acquisitions-in-boosting-the-indian-economy/

pharmaceuticals, mergers result in fewer players investing in R&D[12]. This is the very reason why this is profoundly important in India, which has also seen government bodies urging innovation induction to be the core foundation of economic growth[13].

## III. Competition Commission of India (CCI) and its role in merger regulation

Competition Commission of India is the body established by the Competition Act, 2002. It is vested with the critical functions of regulating mergers and acquisitions to ensure a fair degree of competition in the market. It is mainly entrusted with the duty of preventing such activities that are likely to cause or tend to cause an appreciable adverse effect on competition, promoting and sustaining competition, protecting and strengthening consumers' welfare, and ensuring freedom of trade in India[14]. In this context, its merger regulatory role will be highly important in providing a balanced, level field of economics in which antitrust tendencies would be minimized and consumer welfare assured[15].

The CCI's regulatory regime on mergers and acquisitions- The Act called them "combinations"- for ensuring the prevention of concentration of market power that may create anti-competitive practice. The CCI examines the mergers seeking to do the following

a) Prevent the creation or formation of a strong position in the market.

b) Not allow mergers that distort the market, such as fixed prices, no innovation, or exclusion of the minor competitor.

c) Allow efficiency in business transactions in which the business and consumers would benefit without damaging market competition.

d) Preserve a point between absolute freedom in growing and merging for businesses to restructure for greater effectiveness and productivity without an adverse influence on market competition.

The CCI regulation in the context of mergers and acquisitions is found under Sections 5 and 6 of the Competition Act, 2002, along with the CCI (Procedure in regard to the transaction of

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[12] (2024). ccijournal.in. https://ccijournal.in/index.php/ccijoclp/article/download/94/51

[13] The impact of mergers and acquisitions on performance of firms: A pre- and post-TRIPS analysis of India's pharmaceutical industry, Asia and the Global Economy (2023), available at https://doi.org/10.1016/j.aglobe.2023.100059

[14] Rahul Rai. (2021). *Merger control in India: overview* - azb. https://www.azbpartners.com/bank/merger-control-in-india-overview/

[15] Vijay Pratap Singh Chauhan, Merger Control Comparative Guide, Cyril Amarchand Mangaldas (2024), available at https://www.mondaq.com/india/antitrustcompetition-law/1342156/merger-control-comparative-guide

business relating to combinations) Regulations, 2011[16]. The CCI analyzes those combinations which have a certain higher financial threshold. Section 5 elaborates on the asset or turnover thresholds for determining mergers as combinations subject to scrutiny by the CCI[17].

This means that section 6 prohibits a merger that could or be likely to have an appreciable adverse effect on competition in the relevant market. Notwithstanding that, the CCI is authorized to approve a merger if it determines that the benefits provided by the combination are outweighed by the disadvantages inflicted upon the competition, at its discretion.

Threshold Limitations for Combinations the Act has provided that if any combinations cross specified asset or turnover thresholds, then the same needs to be intimated to the CCI for approval. The threshold is revised periodically with inflation and economic changes. The CCI's examination limitation to the combinations which are coming within the limits of the following thresholds in India: “Merging parties' combined assets exceed INR 2,000 crores. Combined turnover exceeds INR 6,000 crores. Worldwide (including India) its aggregate assets shall exceed USD 1 billion, with at least INR 1,000 crore in India, or the aggregate turnover exceeds USD 3 billion, with at least INR 3,000 crores in India[18]”. Where a merger tends to have a combination exceeding these thresholds, firms must notify the CCI within 30 days of public announcement of a proposed merger[19].

There are exemptions towards certain combinations which are not obliged to report to the CCI. For instance, in the cases of mergers which tend to affect only the small enterprises or firms of very low turnover or worth. Again, combinations within the same corporate group would not be taken into consideration as posing any possible threat to competition and, hence, are exempted[20].

Pre-merger notification: The existing law also requires pre-merger notifications, which requires the obtaining of prior approval of the CCI before the actual completion of the transaction. This is a preventive measure on keeping anti-competitive effects before the transaction is effective. On notice, the CCI proceeds to investigate the probable impact of the combination on competition.

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[16] Global Legal Group, Merger Control Laws and Regulations Report 2024 India, International Comparative Legal Guides (2023), available at https://iclg.com/practice-areas/merger-control-laws-and-regulations/india

[17] Rahul Rai. (2021). *Merger control in India: overview - azb*. azb. https://www.azbpartners.com/bank/merger-control-in-india-overview/

[18] Competition Commission of India Provides Updated Deal Value Threshold, morganlewis.com (2024), available at https://www.morganlewis.com/pubs/2024/09/competition-commission-of-india-provides-updated-deal-value-threshold

[19] Ibid

[20] Rahul Rai. (2021). *Merger control in India: overview - azb*. azb. https://www.azbpartners.com/bank/merger-control-in-india-overview/

The merger review process of the CCI starts off with a pre-merger notification by the parties merging with each other under a combination. All combinations, which exceed the thresholds specified in section 5, are required to give an advance notice to the CCI for its approval before implementing the merger. According to the provisions dealing with it, CCI conducts the preliminary inquiry within 30 working days and makes an assessment of whether the proposed combination may result in an AAEC. If CCI is of the view that the proposed combination may have an adverse impact on competition, it proceeds further under Phase II detailed investigation, which may last up to 210 days.

The CCI, while conducting the review, uses a spectrum of economic instruments and market analysis to ensure that a merger is unlikely to have an appreciable adverse effect on competition. These include the structure of the market, the market shares of the merging firms, the level of market concentration, and the impact on consumers and competitors. The CCI also makes consultative overtures to other stakeholders in the industry to seek further insight into the likely impact of the merger.

The CCI, in recent years, has been progressive in the expeditiousness of the merger review. In most cases, approvals for mergers have come within a 30-day period, and a record number of combinations were cleared in this period. Such is the commitment shown by the CCI towards ease of doing business in India but not at the cost of delaying more business growth and consolidation than necessary.

The CCI also established the provision relating to the fast-track approval for combinations where there is no significant competition concern. These provisions made the process of mergers in industries where there is a low level of market concentration and in cases where the parties are merging operate in complementary markets much quicker[21].

a) Such an appreciation of an adverse effect on competition must be substantiated by the CCI during its merger control process by analyzing market conditions on the following aspects of the merger: Market structure and concentration: In the merger control process, the CCI analyzes the market share of the merging parties, the presence of competitors, and the degree of concentration in the market.

b) Barriers of entry: It measures the ability of new entrants to compete with the resultant entity after the merger.

c) Market dynamics: The CCI analyzes whether, in this merger, innovation is likely to

[21] Ravisekhar Nair, The Revamped Indian Merger Control Regime, Economic Laws Practice (2024), available at https://elplaw.in/leadership/the-revamped-indian-merger-control-regime/

be stifled; choices among consumers are reduced, or the price takes a hike.

d) Consumer Impact: The CCI gives proper heed to how the resultant entity would influence consumers, and the impact is specifically taken into consideration in terms of available products, their pricing, and the quality of goods or services.

In a high-tech or constantly changing market, such as in the new digital economy, it analyses even how the deal may impact future competition or market entry.

If the CCI determines a merger may lead to an anti-competitive business concern, then it can adopt remedies and conditions to address such issues. Such remedies may be either structural-a case of the divestiture of some business units or assets-or behavioral-such as commitments to behavior away from foreclosure. The CCI works with the parties to the merger and intervenes in the cases to create relief that addresses competitive concerns but would not prevent the merger from taking place. The CCI would even revoke a merger if no remedy were appropriate to redress the negative effect on competition. In general, however, outright prohibition is an exception because the CCI will normally seek to cooperate with the business to arrive at an arrangement in which the merger can proceed in ways that are compatible with market competition.

In acquisitions of voting rights, assets, or shares resulting in control, such a combination shall comply with the relevant financial thresholds identified above. One business acquires control of another and, at the same time, directly or indirectly has control over yet another whose operations are either identical to or readily substitutable for those of the first; then both businesses are considered a combination if they collectively satisfy the financial thresholds. Recently, the Central Government granted and permitted exemption based on asset value and turnover as well. In fact, if the target entity's assets in India value below ₹350 crores or if its turnover does not exceed ₹1,000 crores, then the combination exempted from regulation for a period of five years[22].

The same principle applies to mergers or amalgamations as to acquisitions. For an amalgamation, the resulting corporation, although being considered one entity after the amalgamation, must also meet the relevant financial thresholds so that notification requirements come into play. If an acquisition, merger or amalgamation fails to meet the thresholds for the foregoing steps, it is not considered a "combination" under the Competition

[22] *Merger control guide – always up-to-date*. (2024). mergerfilers.com. https://mergerfilers.com/guide.aspx?expertjuris=India

Act[23].

## IV. Problems and criticisms of merger regulation in India: A comparative analysis of the Competition Act, 2002

The regulation of mergers in India has been aimed at promoting fair competition, preventing monopolistic practices, and ensuring consumer welfare, largely through the Competition Act, 2002. Though the Act has vastly improved the regulatory framework, several challenges and criticisms in its application continue to emerge, especially with the dynamic business environment transforming increasingly into a global dimension[24]. This chapter deals with some of the main issues that have emerged in the enforcement and interpretation of merger regulations under the Act.

### a) Complexity and Ambiguity surrounding Threshold Limits

The most severe criticism against the Competition Act, 2002 was in respect of the monetary thresholds that still cast uncertainty over the qualifying threshold of a merger. Section 5 of the Act prescribes the thresholds in terms of the value of assets or the turnover of the combined entity[25]. However, such thresholds were often seen as too low or too high by the companies, depending on the nature of their business or size of operations. The periodic changes in the thresholds also contribute to the confusion, which is evident from the amendments made by the Ministry of Corporate Affairs in 2016. The smaller entities generally remained uncertain whether they were covered under the notification, causing a degree of legal uncertainty and higher compliance cost.

### b) Delay in Approval Process

Although the CCI has streamlined the merger approval process to a large extent, the process is still blamed for procedural delays. According to the Act, the CCI would undertake a review process in 30 days to approve the proposed combinations. Most cases are cleared within that period, but more complex mergers require longer rounds of scrutiny. This can be detrimental to businesses as they often call for a prompt response, especially in sectors requiring immediate consolidation in a global market. This sometimes also delays the process as the CCI constraints of it having fewer people and it has an enormous burden of work acts as a bottleneck in clearing this process[26].

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[23] Ibid

[24] Narender Kumar, The Competition (Amendment) Bill, 2022: A Review and Critique, Economic and Political Weekly (2024), available at https://www.epw.in/engage/article/competition-amendment-bill-2022-review-and

[25] Ibid

[26] Regulatory Approvals M&A India, Lawcrust, available at https://lawcrust.com/regulatory-approvals-m-and-a-

### c) Overlap of jurisdiction and regulatory conflicts

Overlapping jurisdictions with other regulatory authorities are challenges to the regulation mergers in India, as the jurisdictions in this regard are shared with other regulatory authority like SEBI, the Reserve Bank of India, and the Ministry of Corporate Affairs. Though the Competition Act, 2002, has been enacted with an intention to address anti-competitive practices, yet laws like the Companies Act, 2013, the SEBI Takeover Code, and sector-specific regulations regulate mergers and acquisitions. This overlap can potentially bring out conflicts in regulations and inconsistency in decision-making. For instance, SEBI could clear a merger while the CCI expresses objections to the same on some anti-competitive issues; business suffers due to this kind of scenario[27].

### d) Therefore, Defiance in Finding Anti-Competitive Effects

The objective of the CCI is to prohibit mergers that lead to a severe erosion of competition. However, the anti-competitive effects of a merger cannot be assessed objectively. It mostly depends on the judgment of CCI, which largely resorts to merely two formal economic tools-market share analysis and concentration ratios[28]. Such tools rarely capture the real and nuanced situation in more service-oriented industries. Lastly, increasing global economic conditions, driven by technology advancements and the digital economies, have restricted the CCI's ability to vision for future impacts of mergers. This has led to the loss of any healthy rejections and untimely approvals of combinations thereby vitiated the competitiveness of Indian industries.

### e) Exemptions and Fair Competition

The Competition Act, 2002 provides several exemptions for specific classes of mergers, namely small enterprises or with minimal impacts on the Indian market. For example, the MCA notification of March 2016 exempted small enterprises with assets of less than ₹350 crore or turnover of less than ₹1,000 crore for five years from the requirement of giving notice[29]. These exemptions aim at providing relief to smaller companies from the regulatory burden but have

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india/

[27] Merger Control Laws and Regulations Report 2024, International Comparative Legal Guides, available at https://iclg.com/practice-areas/merger-control-laws-and-regulations/india#:~:text=The%20principal%20legislation%20governing%20mergers%20in%20India%20is%20the%20Competition%20Act.%20The%20Competition%20Act%2C%20along%20with%20the%20Competition%20Commission%20of%20India%20%28Procedure%20regarding%20the%20Transaction%20of%20Business%20Relating%20to%20Combinations%29%20Regulations%202011%20%28%E2%80%9CCombination%20Regulations%E2%80%9D%29%2C

[28] Back. (2024). *India's Merger Control Regime Gets A Major Overhaul*. Shardul Amarchand Mangaldas & Co. https://www.lexology.com/library/detail.aspx?g=bd06e925-4bbb-4918-8fbb-012b515f3726

[29] *Competition Commission of India Provides Updated Deal Value Threshold*. (2024). morganlewis.com. https://www.morganlewis.com/pubs/2024/09/competition-commission-of-india-provides-updated-deal-value-threshold

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been criticized to form loopholes which larger businesses may exploit. These can evade scrutiny through forming transactions which are placed in exempted categories so as to allow uncontrolled anti-competitive behaviour.

#### f) Lack of Sectoral Guideline

The lack of clear and sectoral guidelines is another significant challenge faced by the Indian merger regulatory framework. The characteristics of diverse industries, such as pharmaceuticals, telecommunications, and banking, exert different influences on the impact that mergers create regarding competition[30]. Therefore, a one-size-fits-all approach cannot meet the particular needs of each sector. The CCI has attempted to grapple with the specific industry characteristics while dispensing judgments. However, the absence of the clear guidelines has result to inconsistent law implementation. This might discourage foreign investment and create uncertainty in the regulatory environment of businesses.

#### g) Global vs. Domestic Issues in International Mergers and Acquisitions

Mergers and acquisitions across the borders are now becoming increasingly happening. The Competition Act, 2002, focuses on its impact within the domestic market while global markets can be treated as something quite rudimentary due to this approach. International mergers and acquisitions made by multinational entities more often than not require approval within various jurisdictions as well[31]. It puts the global and local competition policies against each other. The CCI's myopic focus on the Indian market at times results in choices that disregard even the broader international implications of a merger, which might disadvantage Indian companies in the world market.

## V. CONCLUSION

Regulation of mergers under the Competition Act 2002 for India has been central to fair competition, protection of consumer welfare, and the prevention of monopolistic practices in an economy in rapid flux. The Competition Commission of India has been very instrumental in implementing the Act, particularly through its framework that governs mergers and acquisitions-commonly referred to as "combinations." Under its review of mergers for potential anti-competitive market conditions, CCI has kept in place a competitive environment that

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[30] Paridhi Poddar, Sectoral Regulation, Competition Law, and Jurisdictional Overlaps: Tracing the Most Viable Solution in the Indian Context, Kluwer Competition Law Blog (2018), available at https://competitionlawblog.kluwercompetitionlaw.com/2018/05/24/sectoral-regulation-competition-law-jurisdictional-overlaps-tracing-viable-solution-indian-context/

[31] Global Legal Group. (2023). *Merger Control Laws and Regulations Report 2024 India*. International Comparative Legal Guides International Business Reports. https://iclg.com/practice-areas/merger-control-laws-and-regulations/india

works in favour of businesses and consumers alike. Analysis of horizontal, vertical, and conglomerate mergers goes on to reflect the disparate economic effects each form may have toward the competition. Horizontal mergers present the biggest single danger to competition through the removal of consumer choice and an increase in market concentration, but may generate operational synergies. Vertical mergers can lead to smoothing supply chains and greater efficiency but can further limit entry for smaller rivals. Conglomerate mergers are less likely to have any direct impact on market competition but will have far deeper implications, business terms and relating to diversification and the management of risk. Despite the regulatory measures adopted, the current regime does have several problems. One of the primary criticisms of the current regime is that threshold values have been associated with much complexity and vagueness in identifying combinations to be scrutinized by CCI. Such thresholds are reviewed upwards to reflect inflation and economic activity changes; and this creates uncertainty at law for businesses, especially smaller entities. This has also been the case with the processing time in approvals, which have been slow, mainly with the complex mergers, frustrating businesses as they rely more on fast regulatory response for competitiveness in the global marketplace. The exemptions of the regulatory framework have also come under attack. While the exemption was to ease regulatory pressure on small enterprises, it created loopholes that larger businesses exploit. It gets worse still with the lack of sector-specific guidelines, since sectors such as pharmaceuticals and telecommunications have competitive situations that cannot be simplified by resorting to the application of a one-size-fits-all approach.

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