Daily news summary

CCI Cartelization Probe into Global Fragrance Majors

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WHY IN NEWS

- The Competition Commission of India initiated an investigation against international flavor and fragrance firms for alleged horizontal price-fixing and anti-competitive practices.

WHAT IS THE STATUTORY BASIS OF THE CCI ACTION?

- The probe is launched under Section 3 of the Competition Act, 2002, which prohibits agreements in respect of production, supply, distribution, storage, or acquisition of goods that cause an Appreciable Adverse Effect on Competition (AAEC).
- Covers cartels, price collusions, market sharing, and anti-poaching agreements among market competitors.

SCOPE OF THE PROBE

- Investigates systematic sharing of commercially sensitive information and price-coordination across global fragrance suppliers operating in India.
- Complements ongoing regulatory actions against wage-fixing and non-compete employee poaching arrangements.

WHY IT MATTERS

- Demonstrates the extra-territorial reach of Section 32 of the Competition Act, 2002 regarding foreign anti-competitive practices affecting Indian consumer markets.
- Ensures fair market competition and prevents inflated input costs for downstream FMCG and cosmetic industries.

KEY TERMS

- **Cartel:** An association of producers or suppliers formed to fix prices, limit production, or share markets to restrict fair competition.
- **Appreciable Adverse Effect on Competition (AAEC):** A statutory benchmark used under the Competition Act to assess whether business agreements harm market competition in India.

PAPERS

GS2, GS3

PRELIMS FACTS

- CCI is a statutory, quasi-judicial body consisting of a Chairperson and members appointed by the Central Government.

MAINS DISCUSSION

- Examine the regulatory framework governing anti-competitive cartels in India and challenges posed by multinational corporate collusion.

KEY DATA

- **Statutory Body:** Competition Commission of India (CCI) - Established under Competition Act, 2002 to enforce antitrust laws in India.
- **Parent Act:** Competition Act, 2002 - Replaced the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969.

Official source