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HORIZONTAL AND VERTICAL ANTI- COMPETITIVE AGREEMENTS

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ABSTRACT

Anti-competitive agreements, both horizontal and vertical, pose significant challenges to market efficiency and consumer welfare. Horizontal agreements occur between competitors operating at the same level of the supply chain and often involve practices like price-fixing, market allocation, and output restriction. These agreements directly undermine competition, leading to monopolistic practices, inflated prices, and reduced innovation. Vertical agreements, on the other hand, occur between entities at different levels of the supply chain, such as manufacturers and distributors. While some vertical agreements like exclusive distribution or resale price maintenance may improve supply chain coordination, they can also restrict market access, foreclose competition, and create entry barriers for smaller players.

The Indian legal framework, governed by the Competition Act, 2002, prohibits anti-competitive agreements under Sections 3(3) and 3(4). However, challenges persist in detecting and penalizing such practices due to issues like cartel secrecy, insufficient evidence, and the lack of robust investigative mechanisms. Additionally, balancing the pro-competitive benefits of certain vertical agreements with their potential anti-competitive effects remains a complex task for regulators.

This study critically analyses the legal and economic implications of horizontal and vertical anti-competitive agreements within the Indian context. It examines key case laws, enforcement trends, and the role of the Competition Commission of India (CCI) in mitigating anti-competitive behaviour. Furthermore, it highlights existing gaps in the regulatory framework and suggests policy recommendations to strengthen enforcement, enhance market transparency, and foster a competitive environment conducive to economic growth.

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INTRODUCTION

All legally binding and non-binding agreements (including contracts, memorandums of understanding, arrangements, Gentlemen's Agreements, and decisions) that seek to limit competition or have the effect of doing so, along with choreographed behavior[1] between enterprises, are treated as agreements that cause or are likely to cause an appreciable adverse effect on competition. Horizontal agreements relate to businesses that operate at the same market level. The different stages involved in the manufacturing and distribution of goods or the provision of services are described as market levels. In the case of goods, this typically includes manufacturing, wholesale, and retail levels, with an additional import level sometimes being involved. Traditionally, businesses functioning at the same market level are regarded as competitors.

When it comes to cartels and other forms of horizontal agreements, understandings or decisions can manifest in any form. What truly matters is whether two or more market participants exhibit an intention to act in an anti-competitive way. It is irrelevant whether the arrangement results in a legally enforceable contract or merely a basic understanding based on mutual trust. Likewise, the method by which such an agreement is reached holds no significance. Therefore, the complexities often associated with various aspects of competition policy should never cloud the most fundamental principle: competitors should be striving to win customers' business through competition, not conspiring to manipulate or distort the competitive process.

Horizontal agreements and decisions between different enterprises to fix prices, divide markets, restrict production, or rig the outcomes of seemingly competitive bids are among the most obvious violations targeted by competition laws. Virtually every competition law regime prohibits hardcore cartels, recognizing them as serious offenses subject to

[1] Orchestrated behaviour is understood as behaving in a non-agreed but equivalent effect or determining competition relevant parameters (such as the price of a good) autonomously at the same values or levels as competitors do. In addition the mutual non-entry into competition (for example the mutually respecting business regions or business partners (eg. client groups) are considered orchestrated behaviour. Such behaviour may cause restrictions on competition and therefore may be impermissible under the Competition Act.

increasingly stringent penalties.[2]

HORIZONTAL AGREEMENTS IN INDIA

An individual or trading company's monopoly has the same effects as a trade. or manufacturing secret,' says the author. Many years ago, Adam Smith eloquently highlighted the dangers with cartel agreements. Monopolies sell their products by always understocking the market and never fully satisfying effective demand far over the natural price and raise their compensation, whether in the form of a wage or profit for above the natural rate.' "The debate frequently finishes with a conspiracy against the people or a price-hiking strategy," he continued, adding that "People who work in the same field rarely get together, even for fun and enjoyment." Such gatherings would be unaffected by any law that could be implemented or that was in line with liberty and justice. While the law cannot prohibit those who work in the same trade from occasionally congregating, it should not make it a regular occurrence easier, much less obligatory.

Horizontal agreements are those that apply to comparable or identical commerce of commodities or provision of services and are forbidden under section 3(3). A detailed reading of section 3(3) reveals that it prohibits three things: agreement, practice, and decision, as well as cartels that trade commodities or provide services in the same or comparable ways. Section 3(3) reads as follows:

Any agreement between businesses, groups of businesses, people, or groups of people, or between any individual and a business, as well as any action or decision taken by groups of businesses or groups of people, including cartels, engaged in the same or comparable types of trade in products or services.

a) Determines, directly or indirectly, the price of purchases or sales;

b) Markets, supply chains, technological developments, and investment, and service provision are all limited or controlled in some way.;

c) allocates a geographical market region, the variety of products or services, the market's consumer base, or any other comparable means to share the market or a source of

[2] Smith (1776) Book 1, Chapter 7 Para 26 & Chapter 5 Para 107 in Naidu R.V., Cartels viz-a-viz Competition Law. Judicial Analysis, P. 3, NALSAR Law Review, 2013

production or service provision;

d) Bid rigging or collusive bidding, whether directly or indirectly, is believed having a noticeable adverse impact on competition No joint venture agreement that improves the efficiency of product production, supply, distribution, storage, procurement, or control, however, is covered by this clause or services; shall be judged to have a significant unfavorable effect on competition.

A detailed reading of this clause reveals that it applies to businesses that sell same or comparable goods or services, form cartels, or engage in anti-competitive agreements, activities, or judgments.

In summary, Section 3(3) of the Act states that I agreements entered into between entities of the class described therein, (ii) any practice carried on by them, (iii) any decision made by them, and (iv) containing the terms set forth in sections (a) to (d), are deemed to have a significant anti-competitive effect. They are in violation of Section 3 of the Act. The burden of proof would fall on the side arguing that it had no such effect. In *Sodhi Transport Co. v. State of U.P.*[3] the Supreme Court defined "must be presumed" as a presumption rather than evidence, indicating who has the burden of proof. Firms, associations of enterprises, individuals, and associations of individuals are the types of parties to an agreement covered by Section 3(3), and they can act in any combination. There is a supply related qualifier as to the nature of the relationship between these entities for the purposes of this sub section that would bring them into the preview of this sub section on its own. It says that they must be a cartel or an oragnisation of firms or individuals involved in the same or comparable commerce of goods or provision of services.

I. HORIZONTAL AGREEMENTS (1): CARTEL UNDER INDIAN LAW

A cartel is an agreement between a group of businesses in a certain industry to restrict competition. Minimum pricing, output or capacity constraints, non-price competition restrictions, market split between enterprises based on geography or product type, or agreed-upon tactics to prevent entry into the industry in order to create a monopoly in a particular industry may all be included in these agreements. Cartels are created when

[3] 1986 AIR 1099

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businessmen agree not to compete with each other. They can be found in any industry and can entail the production, distribution, or sale of goods or services. This strategy is employed by industries to control sales and prices.

Section 2 clause (c) of the Competition Act 2002 defines a cartel as follows:

Those who agree to limit, control, or make an effort to govern the production, distribution, sale, or price of goods or services are said to be participating in a cartel.

The Monopolistic and Restrictive Trade Practices Commission which has advisory, adjudicative, and powers, was established by the MRTP Act to oversee the MRTP Act's implementation. Any restrictive trade practice could be investigated by the MRTPC in response to a a complaint by a business or consumer group, a referral from the federal or state governments, or a request from the Director General of Investigation and Registration of the MRTPC, or on a suo-moto basis.[4] Affected parties shall file complaints about restrictive trade practices with the DG (IR) for a preliminary investigation, according to sections 11 and 36C of the MRTP Act. The DG (IR) applies for an inquiry to the MRTPC after completing the preliminary investigation and based on its findings. Trade practices that impede, distort, or restrict competition are known as restrictive trade practices (The majority of these are now covered by Section 3 of the Act). A restrictive trade practice, for example, is one that seeks to obstruct the flow of money or resources into a field of business, as well as market manipulation of pricing and supply, which may result in unreasonable costs or a lack of choice for consumers.

A cartel is an example of an RTP. A cartel is a group of producers who come together to control a product's production, sales, and prices in an effort to monopolies that industry or commodity.' as held in *Union of India & Others v. Hindustan Development Corporation.*[5] A cartel is classified as an RTP under the MRTP Act, which is described as " a commercial practice that hinders, distorts, or restricts competition in some way."

When it came to *cartel cases* [6], the MRTPC lacked any effective tool to provide justice to the aggrieved parties, no matter how heinous the offences were in the eyes of the public, no

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[4] Section 10 and 37 of the MRTP Act, 1969
[5] 1994 CTJ 270 (SC) (MRTP)

[6] Kiroloskar Oil Engines Ltd. vs. MRTPC, JT2002 (10) SC53, Pennwalt (P) Ltd. & Another vs. MRTPC, AIR 1999 Delhi 23, R.C. Sood & Co. (P) Ltd. Vs. MRTPC, 1996 (38) DRJ 118.

matter how significant the harm caused. The ramifications are that, even if a complaint is filed or the MRTPC inquires Suo-moto, the respondents can continue to reap the benefits of their illegal activities, which could amount to a sizable economic rent. However, no penalty can be imposed because the MRTPC lacks the authority to impose sanctions or order the offenders to serve time in prison; all it can do is issue a cease and desist order. As a consequence, it is evident that a new efficient law was required to address this problem.

The Competition Act of 2002 takes seriously agreements regulating pricing, agreements restricting or controlling quantities, agreements to share or split markets, and agreements to rig bids are all thought to have a significant negative impact on competition. The contours of cartel activity are defined by these agreements. Prior to the passage of this Act, the Supreme Court identified cartels and their relationships with customers using the MRTP Act and common law provisions in a few cases. A cartel, according to Hindustan Development Corporation[7], is a group of producers who have agreed to control output in order to acquire a monopoly in a certain industry or commodity. The Supreme Court stated in *Haridas Exports*[8] that "A cartel is established, inter example, with the purpose that its members avoid engaging in a bidding war and sell at a predetermined or standard price." The commission held in *Travel Agents Association of India v. Lufthansa German Airlines*[9] that simply because airlines have opted to abandon the commission-based model does not mean they have done so in concert to fix the price of their plane tickets. There is no evidence on record that the prices of opposing parties' flight tickets have increased after the commission was abolished. As a result, it is impossible to claim that the Opposing Parties have harmed end customers by removing the commission payment system to travel agencies. Key elements needed to prove the existence of a cartel include: Price fixing, concerted behaviour implying conspiracy, and the desire to gain monopoly or restrict/eliminate competition are all examples of price fixing. A complete competition law compliance programme is required to prevent cartel behaviour within a business house or corporation.[10]

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[7] Union of India v. Hindustan Development Corporation, AIR 1994 SC 988

[8] Haridas Exports v. All India Float Glass Manufacturers Association, AIR 2002 SC 2728

[9] Travel Agents Association of India v. Lufthansa German Airlines, 2012 Comp LR 38 (CCI)

[10] Murphy J. & Kolasky w., The Role of Anti Cartel Compliance Programs in Preventing Cartel Behavior, Antitrust, Vol. 26, No. 2, Spring 2012

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Cartels are agreements between companies (individuals, government organisations, and groups of companies) those of competitors, harming both customers and the economy. Consumers face higher pricing, lower quality, and fewer or no goods and/or service options as a result of cartelization. In order to control pricing, restrict production and supply, distribute market share or sales quotas, or participate in collusive bidding or bid-rigging in one or more markets, two or more companies must agree, either explicitly or tacitly. A key aspect of a cartel's definition is that it necessitates an agreement between competing businesses not to compete or to limit competition. Depending on the supply chain mechanism/market structure, many types of cartels exist, such as an international carte, an import cartel, and an export cartel. Cartels formed solely for the purpose of exporting goods from India are exempt from the anti-trust provisions of the Act.

According to cartels are formed by industrial enterprises operating in the same industry, according to an economic study of cartels and how they function. The joining businesses priorities production within the cartel's output limits, which are set in light of market conditions, and the cartel restricts or regulates output distribution in order to maintain returns or the selling price of particular commodities when there are trade or marketing restrictions practices. Because these corporate agreements have the potential to stifle competition, they are challenged in court as illegal conspiracies. Businesses favour cartels because they offer multiple benefits, but the government prohibits cartels because they are thought to be harmful to the public interest and consumers.

CARTELS UNDER ANTITRUST AND EU UK LAW

Antitrust law's primary goal is to prevent cartels and cooperation from restricting trade. It represents the idea that each business must act independently in the marketplace and generate profits on its own by offering higher-quality, more affordable products than its rivals. The Sherman Act's Sec. 1 reads: "Every contract, combination in the nature of a trust or otherwise, or conspiracy, in restraint of trade or commerce.” This is aimed against two or more separate businesses working together to hurt third parties. Even if an entity's structure may be two or more separate legal persons or businesses, it does not represent the decisions of a single company or economic organisation. Cartels, whether worldwide, national, or local, hurt both consumers and businesses in the United States. Cartel violations are illegal under antitrust law because they harm competition and have no redeeming

qualities,[11] according to *Copperweld Corp. v. Independence Tube Corp*.[12], since the decision was made within a single economic unit. This expresses the belief that no harm is done if the firm (as an economic entity) does not establish a monopolistic position or strong market dominance. Joint ventures, in which corporate shareholders make a decision through a new business they incorporate, follow the same logic. *Texaco Inc. v. Dagher*[13] The Supreme Court unanimously decided that a price set by a joint venture between Texaco and Shell Oil was not an unconstitutional arrangement. As a result, the law establishes a "fundamental distinction between concerted and individual action." 'Judicial precedent and common sense tell us the same thing,' the US Supreme Court stated. Price fixing, bid rigging, and other criminal antitrust offences inflict clear and unmistakable antitrust harm, and are referred to as "the greatest evil of antitrust.[14]

Anti-competitive agreements and behaviour, including cartels, are illegal in the European Union and the United Kingdom under Article 101 TFEU and Chapters I of the Competition Act 1998. Respectively. Cartels and anti-competitive agreements between businesses are illegal under these laws. Infringers of competition law may face significant financial penalties of up to ten percent of their global turnover. Cartels are one of the most harmful forms of anti-competitive behaviour. Their goal is to raise prices by eliminating or limiting competition, which has a direct impact on buyers of goods and services, whether they are public or private organisations or individuals.

Cartels harm the economy as a whole by removing the motivation for enterprises to function effectively and innovate. Detecting and initiating enforcement action against enterprises engaging in cartels is thus one of the European Commission's and the Competition and Markets Authority's primary enforcement priorities.

Cartel members go to considerable measures to hide evidence of their unlawful activities: for example, according to the Commission's ruling in Gas Insulated Switchgear, The cartel members used codes to conceal the names of their companies and encryption software to protect emails and phone calls private; they used free email services and anonymous

[11] N. Pac. Ry. Co. v. United States, 356 U.S. 1, 5 (1958)

[12] 467 U.S. 752 (1984)

[13] 547 U.S. 1 (2006)

[14] Verizon v. Trinko, 540 U.S. 398, 408 (2004)

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lockers; and they sent messages as password-protected documents: Passwords were changed on a regular basis, emails were deliberately destroyed, attachments were copied to memory sticks rather than PCs, and members of the cartel were provided with mobile phones that featured encryption options[15]. In the peroxides and heat stabilisers industries, cartel participants took their illegal activities a step further by engaging a consulting firm to help organize and conceal their collusion. Courts have acknowledged that when cartel members adopt such covert methods, it puts competition authorities at a severe disadvantage. Because of this intentional concealment and the sophisticated nature of these operations, regulators are often forced to rely on circumstantial evidence and draw reasonable inferences to uncover and prove the existence of a cartel.

[15] Commission decision of 24 January 2007, paras 170–176

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HORIZONTAL AGREEMENTS: COORDINATION AMONG DIRECT COMPETITORS

Under Section 3(3) of the Competition Act, 2002, horizontal agreements refer to arrangements or understandings between companies operating at the same level of the supply or production chain. In simple terms, these are deals between direct competitors who collaborate to manipulate market dynamics to serve their shared interests. The Competition Commission of India (CCI) keeps a close watch on such agreements, as they often result in anti-competitive practices like price fixing, market division, or bid rigging.

Categories of Horizontal Agreements

Horizontal agreements that adversely impact market competition generally fall into four main types:

- Price Fixing: When competitors agree to set or maintain prices at certain levels, it destroys real competition and often forces consumers to pay inflated prices.
- Supply Control: Firms collaborate to limit production or distribution, creating artificial scarcity. This not only drives prices up but also hampers innovation and narrows consumer choices.
- Market Allocation: Competitors divide markets among themselves—whether by territory, product type, or customer segments—effectively eliminating genuine competition and consolidating their market dominance.
- Bid Rigging: Companies conspire to manipulate tender processes, either by deciding in advance who will win or by creating a false appearance of competition. This often results in inflated costs, particularly harming public sector projects.

In cases involving bid rigging or similar horizontal agreements, the law assumes there is an Appreciable Adverse Effect on Competition (AAEC), meaning no additional proof of harm is necessary. However, if a joint venture can demonstrate that its cooperation leads to efficiencies or other pro-competitive benefits, it may avoid this presumption.

Vertical Agreements: Collaboration Across Different Supply Chain Levels

Section 3(4) of the Competition Act, 2002, deals with vertical agreements—arrangements between businesses at different stages of the production or distribution process, such as manufacturers partnering with distributors. Unlike horizontal agreements, vertical arrangements are not automatically assumed to be harmful. Instead, they are analyzed on a case-by-case basis using the "rule of reason" approach, balancing any potential anti-competitive effects against pro-competitive justifications.

Types of Vertical Agreements

Several types of vertical agreements are recognized for their potential to restrict competition:

- Tie-in Arrangements: When a seller makes the sale of one product conditional on the purchase of another, limiting customer freedom.
- Exclusive Supply Agreements: A buyer agrees to purchase exclusively from one supplier, or vice versa, restricting access to competing options.
- Exclusive Distribution Agreements: A supplier gives a distributor exclusive rights over a territory or customer group, often preventing them from selling competing products.
- Refusal to Deal: A dominant player may refuse to sell goods or services to certain entities, potentially squeezing out competitors or new entrants.
- Resale Price Maintenance (RPM): Manufacturers set minimum resale prices that retailers must comply with, stifling price competition and disadvantaging consumers.

Section 3(5) of the Act carves out exceptions for vertical agreements that are necessary to protect intellectual property rights. Reasonable restrictions are permitted to ensure the safeguarding of proprietary interests under Indian law.

Both horizontal and vertical anti-competitive agreements pose serious threats to market fairness and consumer welfare. Horizontal agreements are considered inherently harmful, whereas vertical agreements are judged individually to determine their real-world impact on competition. If left unchecked, such practices can choke market innovation, restrict consumer choice, and drive prices upward. Businesses must be diligent in ensuring their partnerships and collaborations align with competition law, promoting ethical behavior and sustaining long-term market health.

V. FORMATION AND MAINTENANCE OF CARTELS

There are various elements that encourage cartel formation. The nature of the market is the first and most important element. The most fertile foundation for cartelization is an oligopolistic market. If the number of enterprises is small, it is simple to organize and maintain cartels in secret. The homogeneity of a product is the second criterion that aids in easy cartelization. Because homogeneous items are entirely substitutable, market parties have every reason to collaborate rather than compete.[16] Three, it is easier for enterprises to collaborate when demand for a product or service is inelastic. Four, cartelization is quite

[16] All India Tyre Dealers' Federation v. Tyre Manufacturers; 2013 Comp LR 0092 (CCI)

straightforward if government authority is limited. In other words, if members do not trust the government to catch and punish them, they are more likely to engage in cartelization. Five, cartel benefits are obtained. Even the high expense of organizing and maintaining a cartel is not a deterrent if the benefits are high. Finally, geographical concentration of the industry aids cartelization. The CCI in the FICCI-Multiplex Association of India has recognized these factors.[17] Aside from this, the relevant authorities may investigate other aspects to see if there is cartel behaviour, such as entry hurdles, consumer reliance, and active trade associations.

The number of cases decided in recent years, both in 'mature' systems of competition law and in new jurisdictions, and in all sorts of economies, demonstrates the dedication of competition authorities in India and throughout the world to the identification and prohibition of cartels. Some of the recent international cartel cases that have been pursued and decided are of particular importance. The EU Commission fined eight companies a total of €855.23 million (reduced to €790.50 million on appeal) in Vitamins. For its participation in each of the 12 distinct vitamin cartels, Roche was fined €462 million, while BASF was fined €296.16 million, and Aventis would have faced a €114.4 million fine if it hadn't Most of the cartels were exposed, but just €5.04 million was received. This cartel was investigated under EU law as well as US law, where the primary players were fined $862 million, and Canadian law, where they were fined $84.5 million; on Under the Australian Trade Practices Act 1974, Roche, Dupont, and Aventis Animal Nutrition were fined $26 million on February 28, 2001. Roche and BASF senior officials were sentenced to prison in the United States for their participation in the cartel. South Korea levied fines as well. A number of lawsuits have been filed in response to the vitamin cartel's damages.

The CCI recently issued an order[18] accusing the cement industry of purposefully producing less in order to increase profits. The Cement Makers Association was discovered to be fixing cement prices arbitrarily, keeping the pricing of many cement manufacturers in the same region equal despite the fact that the cost of production of separate units was different in the case cracked by CCI. The cement industry has been prone to cartelization in the past because it is characterized by high levels of concentration, large hurdles to entry, a similar cost structure, and mature technologies.

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[17] Hoffman-La Roche & Co AG v EC Commission Case 85/76, [1979] ECR 461.
[18] Builders Association of India v. Cement Manufacturers' Association and Others, Order passed by Competition Commission of India on 20.06.2012

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The European Union (EU) investigated European cement producers and trade groups in the Aalborg [19] case and issued a Concerns were expressed that distinguished between two categories of questionable practices: national and international prices. By taking part in an agreement, the cement undertakings, according to the EU, violated the terms of Article 81 (1) of the EC Treaty designed to ensure non-transshipment to home markets and to regulate cement transfers from one country to another by participating in an agreement on the exchange of price information (now Art. 101 TFEU). The role of economic analysis in the discovery of cement cartels was considered by the European Court of Justice. When there is insufficient documentation evidence to substantiate the existence of cartel activities, economic analysis can be useful. The German Federal Cartel Office (FCO) discovered a cement industry hard-core cartel in 2002. Since the beginning of the 1990s, various cement companies have divided the German cement market, agreed on sales quotas, and fixed prices, according to the FCO. In a 2009 verdict linked to the cement cartel, the German Court penalized the cement companies. The manner in which the econometric evidence was presented in court, as well as the Court's innovative approach for calculating the fine, which included "determination of a base sum" and "calculation of extra proceedings," is worth noting in the German Cement cartel. The penalties was calculated by a panel of economic experts selected by the court.

Apollo Tires, MRF, CEAT, JK Tyres, and Birla Tyres were found guilty of cartelization by the CCI's investigation division following an investigation into a complaint filed by the Ministry of Corporate Affairs. 'From 2011-12 to 2013-14, these five corporations have indirectly controlled the pricing of tyres in the market under the guise of the Association of Tyre Manufacturers Association (ATMA),' according to a study by the CCI's investigation wing's director-office general. According to the CCI, companies and ATMA have until March 16 to raise objections to the preliminary findings. Company executives have been required to provide financial information, including tax returns, for the last three fiscal years. 'Despite a large drop in input costs, particularly in 2012-13 and 2013-14, prices were kept higher, which could not have been conceivable without an agreement among these entities,' according to the investigative report. The emergence of favourable market conditions aided the formation of a cartel among the corporations.' According to the report, five businesses dominate 83 percent of the tyre market. Despite low tyre demand in 2012-

[19] Aalborg Portland A/S v. Commission of the European Communities (C- 204/00 P); [2004], ECR I- 123.

13 and 2013- 14, the companies were able to increase operating margins significantly, demonstrating the value of coordinated action. After an oral hearing, CCI will make a final determination on the fines and penalties it will impose on these corporations.

The next stage is to determine the fine in cases where the existence of a cartel has already been proved. The fine is determined by the gravity and length of the cartel. As a result, the influence of cartel action on the fine is critical. Economic analysis is crucial in understanding the impact of a cartel in this situation. The imposition of fines is undeniably one of the most effective strategies of combatting cartels. This aspect has a deterring effect as well as hastening the race for leniency. In the Indian context, the rights of enterprises and individuals who are victims of illegal anti-competitive behaviour should be strengthened. Apart from competition authority enforcement, individual damages actions, akin to the German cement cartel case, where a class action form of private antitrust enforcement was supported, must be encouraged in India.

VII. CARTELS AND LINIENCY PROGRAMS

There is evidence to suggest that cartels impair market competition. Cartels reduce social welfare, create allocative inefficiency, and transfer wealth from consumers to cartel participants by modifying output and/or prices in comparison to market-driven levels, according to various independent research, judicial decisions, and other sources. Cartels formed to avoid the rigors of competition can result in the establishment of artificial, uneconomic, and unstable industry structures, as well as poorer productivity increases or fewer technological advances, and higher prices that are sustained.

VII. CONCLUION

In conclusion, horizontal and vertical anti-competitive agreements undermine the principles of fair competition, market efficiency, and consumer welfare. Horizontal agreements, such as cartels and price-fixing arrangements, restrict competition at the same level of the supply chain, leading to artificially high prices, reduced output, and limited consumer choices. Vertical agreements, including resale price maintenance and exclusive distribution, can distort competition across different levels of the supply chain by foreclosing market access or creating barriers for competitors. While legal frameworks like the Competition Act, 2002, in India provide mechanisms to address such agreements,

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enforcement challenges, lack of awareness, and the evolving complexities of modern markets pose significant hurdles. Strengthening regulatory oversight, enhancing deterrence through stricter penalties, and fostering awareness among stakeholders are essential steps toward mitigating the adverse effects of these agreements and promoting a competitive, consumer-centric marketplace.