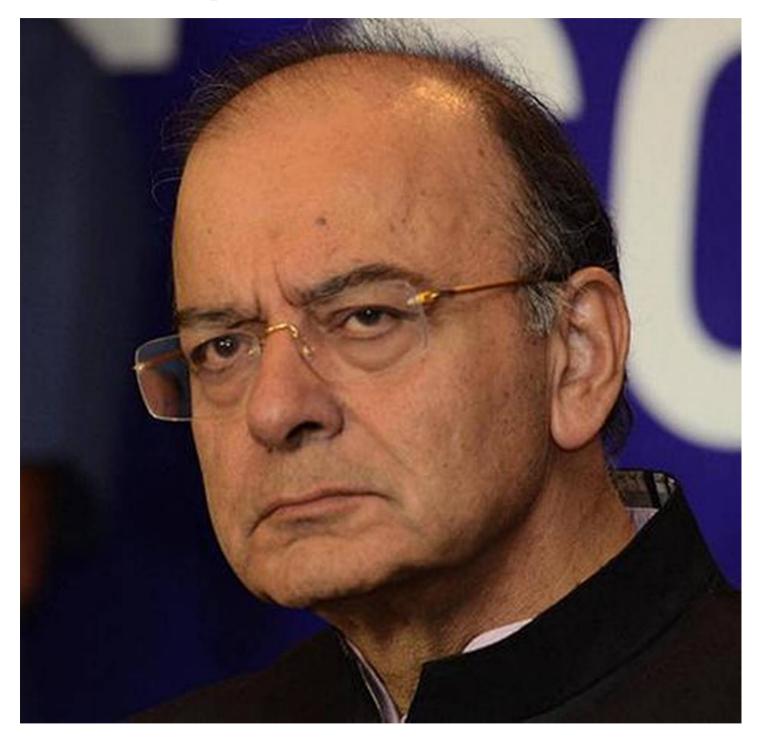
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'Excessive competition can increase stress in a sector'



SPECIAL CORRESPONDENT

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Country will have to deal with it as economy grows: Jaitley

Excessive competition in any sector can eventually lead to heightening the stress in that sector, Finance Minister Arun Jaitley said on Monday. This was a problem that India would

increasingly have to deal with as its economy grew, he said.

Multiple players

"We wanted multiple players because they would ensure the largest consumer interest," Mr. Jaitley said at the National Conference on Public Procurement & Competition Law.

"But there can be several other impacts. Excessive competition, at times, can result in pricing of a nature that that sector of the economy can itself face stress. Because everybody then tends to follow the leader, and therefore what do you do in such a situation?" "And these are all challenges that will emerge as the economy moves further and expands further," he said.

"At our present growth rate, in about 10-20 years, our expansion is going to be exponential. And therefore the size of the industry is going to increase, the size of the services sector will increase, and the role of each regulator, while exercising self-restraint, will expand."

Mr. Jaitley said that these emerging situations would require India to look to the global competition model and see how best it can be applied here.

"As I see the roadmap for the future, there are going to be emerging situations where we have to look at the global model," Mr. Jaitley said. "And in those global models, visualise how we deal with emerging situations. We wanted effective market players, reasonably optimum in number so that the consumer interest could be protected."

That was the original objective of the competition law, Mr. Jaitley said, to deal with aberrations in a situation where the state withdraws from business activity and the economy trusts more in the market.

Regarding public procurement, the Finance Minister said that if it is based on the principles of fairness, transparency, and public interest, it will protect the revenues of the State and ensure that they used optimally.

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