

Competitive Practice Policy



What is Competition?

In a free market economy, businesses compete with each other to offer the best range of products at the best price. A competitive market leads to better prices, products and choice for everyone.

Competition also drives efficiency and innovation and directs businesses to meet consumer demands by providing the right products at the right price and quality.

Competition Law in India

In India, The Competition Act, 2002 has been enacted to ensure the sustainability of competition in the market and also consider the interests of the consumers and also allow the participants of Indian market to trade with freedom. This law promotes the competition between enterprises and leaves the market unbound by the manipulation of stronger trading enterprises.

The Main Objectives of the Act:

- To prevent practices having adverse effect on competition
- To promote and sustain competition in markets
- To protect the interests of consumers
- To ensure freedom of trade

Anti-competitive Agreements

We at Norex, do not encourage anti-competitive agreements between businesses.

Anti-competitive Agreements - Classified Mainly into Two Types:

- Horizontal Agreements, Section 3(3) cartel, between two or more enterprises operating at same level of business.
- Vertical Agreements, Section 3(4) exclusive supply/distribution, tie-in arrangement, resale price maintenance, refusal to deal etc.

Horizontal Agreements

- Directly or indirectly determining purchase or sale price.

Competitive Practice Policy



- Limit or control production, supply, market, technical development, investment or provision of services.
- Shares the market by way of allocation of geographical area
- Shall presume rule applies to Horizontal Agreements.
- Burden of proof is on the person or enterprise

Vertical Agreements

Agreements between different level of production and distribution chain are called vertical agreements viz. Manufacturer-Dealer; Dealer-Supplier and Wholesaler etc.

Following agreements are prohibited under Competition Act:

- Tie-in arrangements
- Exclusive Supply Agreement
- Exclusive Distribution Agreement
- Refusal to Deal
- Resale Price Maintenance

Dealing with Anti-competitive Behavior

We rely on complaints to help us promote healthy competition and protect the interests of consumers and fair-dealing businesses. If you suspect a competitor, supplier, customer or any other business is infringing the law, you should contact the management with your concerns.

There are a number of signs that may mean a business you deal with could be breaking competition law. These include:

- A supplier prevents you from selling their products at a discount
- A long-standing supplier decides, for no apparent objective reason, to stop supplying.

Competitive Practice Policy



- You enter a market, and a major competitor responds by charging extremely low prices that you suspect would not cover its costs.

If a business appears to be behaving in any of these ways, it does not necessarily mean it has breached the law. In some cases, the behavior may be legitimate.

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