

CCI to put large M&As on automatic route

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India's anti-trust body, the Competition Commission of India (CCI), is planning to come out with regulations for automatic approval to large mergers and acquisitions (M&As) if these are not harming the consumers' interest.

The Commission not only wants to expedite the M&A process but also have an automatic route for big corporate deals, said CCI Chairman Dhanendra Kumar in an exclusive interview with Business Standard.

CCI nod is needed for any acquisition where the combined turnover of the two parties (acquirer and the enterprise being acquired) exceeds Rs 3,000 crore or the combined value of their assets is more than Rs 1,000 crore. If it is an overseas transaction, the threshold limit is \$500 million worth of assets or turnover in excess of \$ 1.5 billion.

The regulations to this effect are being finalised by CCI.

"We want to implement the provisions of the Competition Act in such a manner that would avoid unnecessary delays," said Kumar, adding: "We don't want to be a roadblock to the industry. We want to be a facilitator for businesses."

Under the competition law, CCI is empowered to take up to 210 days to clear a transaction. Saying that the threshold limit of CCI is very high, Kumar said there would be very few cases which would need 210 days. Most cases would be handled on "fast-track basis" within 30 days, said the regulator.

CCI, which got its first formal complaint on May 28 from the Multiplex Association of India against the film producers, alleging cartelisation, started its enforcement activities on May 20 when sections three and four were notified by the government. While Section 3 deals with anti-competitive agreements, Section 4 deals with abuse of dominant position. However, Sections 5 and 6, which deal with mergers and acquisitions, have been delayed as CCI is now fine-tuning the merger regulations.

Unless Sections 5 and 6 are notified, the Commission cannot take up any M&A cases. According to Kumar, these require complex investigative techniques and at the moment the Commission is building up capacities, including manpower and infrastructure.

On being asked if the Commission would start taking suo motu cases, Kumar said it would take up such cases after building adequate capacities.

An independent body responsible for investigating mergers, market shares and conditions, besides regulating firms, CCI would ultimately replace the Monopolies and Restrictive Trade Practices Commission (MRTPC).

MRTPC will continue to deal with pending cases for two years before being dissolved.