

# Chapter 5

## Competition Law and Corporate Finance in India: Evaluating a Decade of Leniency Program Impacts and Challenges

**Ankit Srivastava**

 <http://orcid.org/0000-0002-1330-6717>

*Rajiv Gandhi National University of Law, India*

**Anwasha Ghosh**

 <http://orcid.org/0000-0003-4167-2121>

*Amity Law School, Amity University, Mumbai, India*

**Divyansha Kumar**

 <http://orcid.org/0000-0002-6720-2753>

*Chitkara University, Punjab, India*

### **ABSTRACT**

*The purpose of this chapter is to provide an in-depth analysis of the leniency program under the Competition Act of 2002 in India, focusing on its evolution, effectiveness, and impact over the past decade. This chapter*

DOI: 10.4018/979-8-3693-8247-9.ch005

*seeks to critically evaluate how well the leniency program has achieved its objectives, compare its effectiveness with global practices, and propose recommendations for its improvement. In doing so, the chapter will examine the intersection of competition law and corporate finance. In doing so, the chapter will examine the intersection of competition law and corporate finance, shedding light on how competition policies influence corporate strategies and market dynamics in India.*

## **INTRODUCTION**

Cartel is an umbrella term used to describe anti-competitive agreements such as price-fixing, output restricting, and bid-rigging, among others (UNCTAD, 1959). Over time, the punishment, as well as the conviction rate imposed on cartel conspirators, has been drastically increased worldwide. Nevertheless, this menace is time and again obliterated from the scrutiny of anti-trust watchdogs, especially in India. Having imposed huge penalties on enterprises in a number of cases with a view to creating deterrence, the Competition Commission of India (CCI/ Commission) is yet to bust a number of cartels that are already in existence, especially in the digital era (Prasad, 2021). When confronted by the CCI, the conspirators have no choice but to face severe penalties. This becomes the main aspect of deterrence and the main reason for the introduction of the leniency program (Tiptur & Tripathi, 2021). With fear of imposition of heavy penalty by the Commission, enterprises having indulged in such cartel tend to voluntarily confess their wrongdoings before the Commission under the leniency program, through which the conspirators or the co-conspirators plead for complete or partial immunity. Leniency is a lenient mechanism conferring the grant of immunity, either partially or wholly, to the alleged offender/s who has/have been involved in carrying out a cartel by breaking a code of silence among cartel conspirator/s and ultimately uncovering the same (OECD, 2001). The rationale for breaking the silence is premised on the infamous ‘Prisoner’s Dilemma Theory’. Ulrich Blum argues that adhering to an unenforceable agreement that could do nothing to protect any of the parties, can certainly induce one of the parties to confess the wrongdoings and to get mitigated punishment in

34 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: [www.igi-global.com/chapter/competition-law-and-corporate-finance-in-india/407074](http://www.igi-global.com/chapter/competition-law-and-corporate-finance-in-india/407074)

## Related Content

---

### Digital Financial Literacy and Financial Well-Being

Bushraand Maroof Ahmed Mir (2024). *Emerging Perspectives on Financial Well-Being* (pp. 57-73).

[www.irma-international.org/chapter/digital-financial-literacy-and-financial-well-being/347777](http://www.irma-international.org/chapter/digital-financial-literacy-and-financial-well-being/347777)

### Role of Microfinance Banks in Provision of Credit for Poverty Reduction in Pakistan

Kamran Raiysatand Humaira Younas (2023). *Research Anthology on Microfinance Services and Roles in Social Progress* (pp. 647-660).

[www.irma-international.org/chapter/role-of-microfinance-banks-in-provision-of-credit-for-poverty-reduction-in-pakistan/314778](http://www.irma-international.org/chapter/role-of-microfinance-banks-in-provision-of-credit-for-poverty-reduction-in-pakistan/314778)

### Data Security and Privacy in RegTech

Ruchika Rastogiand Mohammad Ismail Iqbal (2024). *Integrating RegTech Solutions for Industry 4.0* (pp. 185-198).

[www.irma-international.org/chapter/data-security-and-privacy-in-regtech/351468](http://www.irma-international.org/chapter/data-security-and-privacy-in-regtech/351468)

### CSR's Capability as a Conflict's Resolution to Enhance a Firm's Value in Indonesia

Nila Tristiarini (2015). *International Journal of Corporate Finance and Accounting* (pp. 50-66).

[www.irma-international.org/article/csrs-capability-as-a-conflicts-resolution-to-enhance-a-firms-value-in-indonesia/134863](http://www.irma-international.org/article/csrs-capability-as-a-conflicts-resolution-to-enhance-a-firms-value-in-indonesia/134863)

### Effect of Financial Leverage on Firm's Market Value Creation in Bangladesh: A Comparison between MNCs and Domestic Firms

Syed Md. Khaled Rahman (2017). *International Journal of Corporate Finance and Accounting* (pp. 41-58).

[www.irma-international.org/article/effect-of-financial-leverage-on-firms-market-value-creation-in-bangladesh/204427](http://www.irma-international.org/article/effect-of-financial-leverage-on-firms-market-value-creation-in-bangladesh/204427)