

REVIVING ECONOMY: INDICATING EXIGENCY FOR ADVANCED ECONOMIC POLICIES AND AMENDING THE COMPETITION LAWS?

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Owing to the repercussions of the pandemic COVID-19, The global economy is facing a huge setback. All the economic activities came to a standstill simply indicating towards a period of unprecedented depression. Segregating the individual roles of all government machineries, handling economy will be dealt by severing the allegiance to several institutions including parts of judicial machineries as well. If not dealt with prime caution, Indian economic condition can lead to another period identical to “The Great Depression”. In line to shrink the shock, major revolutions in the economic policies must be brought forward. Updates in concepts brought by such revolutions have to be adopted by the legal framework as well, including amendments leading alterations in Competition Laws and The Insolvency and Bankruptcy Code to the core. Revival of the economy shall be harnessed with a growth and protective shield to the native market to prevent the nation from seeing adverse effects of deceleration of economy in all the aspects.

According to an article published in *‘The Hindu Business Line’*, it was estimated that the Indian economy will be losing \$4.5 billion every day during the initial lockdown period and a total of \$100 billion during the first 21 day nationwide lockdown period.

While being agreed upon the fact that there wasn’t anything more preferable than halting the economy and promoting social distancing to fight the virus. The next big fight that the nation has to get prepared for will be to tackle the diseconomies arising due to all the economic activities coming to a pause. All the parameters adjudge one simple thing, “Economy has to be supported and favored by all means in order to drag it out of downfall.” The same was predicted by Christopher Wood, *Global Head of Equity Strategy* while he stated that, “In countries such as India, with young democracies, such a lockdown causes more human suffering than Covid-19 itself.” As per the indications of current economic trends and opinions of renowned economists,

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India faces a massive challenge for the initial post-pandemic fiscal years to revive the economy. The basic change that ‘Indian Economic Forums’ have to lay emphasis on, belongs to the upgradation and amendment in the Economic Policies and the trade practices followed by the native economy. As a crux, evaluation of the present economic situation of the nation, economy demands new Economic Policies benefiting the *in-house* economic agents as a need of the hour.

The same thought-process was reflected in a move by Government of India’s Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade, FDI Policy Section by issuing a circular dated: 17/04/2020 which narrated reviewing of the “Extant of FDI Policy”. The subject in itself indicated the exact same approach and stated the purpose of reviewing the extant of FDI for “*Curbing opportunistic takeovers/acquisitions of Indian Companies due to the current Covid-19 pandemic.*” Making it the reason, Government of India made several amendments in order to look after the internal economic rotation rather than providing way for external economic transactions. In another press note dated: 19/03/2020 by the Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade, FDI Policy Section interestingly changed the routes of Foreign Direct Investment (FDI) Policy on Civil Aviation from automatic to be directed by Government route beyond a limited investment. While the Government initiating the steps to strengthen the Indian Economy, another field in which a coercive focus shall be needed is the ‘Favorable Balance of Trade’ (BoT), there is a lucid demand to minimize the inflow of goods and services and maximize the outflow of the same. Indian market need not to be a provider of sellers in an OutFront, in contrast to it, Indian market has to be export-centric and not import-centric.

While following the policy of import minimization and export maximization in order to refurbish the Indian economy, Government making reformations and amendments in policies of International Trade can be held well under the ambit of “The Foreign Trade (Development and Regulation) Act, 1992” proviso that the reformations in the policy is not a mere substandard move and is based on in-depth analysis and ensures positive results. According to Chapter-II, Section 3(1) of The Foreign Trade (Development and Regulation) Act, 1992: “*The Central Government may by Order Published in the official Gazette, make provision for the development and regulation of foreign trade by facilitating imports and increasing exports.*” Hence, if the means of development and regulation of foreign trade is impacted by “Facilitating imports and

increasing exports” changes will be well protected by the said act. Government, after up-to-the-mark implication of brain-storming and coming up with a suitable action shall move the said provision in order to compliment the Indian native economic agents in order of boosting the Indian economy.

If the prescribed move is handled with caution and sensitiveness can lead to be the turning point of the current economic situation. Once the competition in Indian market minimizes the external participants and abundant privileges been given to the regional producers/industrialists, Economic growth might not show dramatized increasing trends in growth rates, but rather can correspond in likewise manner resulting in prevention of crisis as bad as ‘Economic Crash’ or ‘Hyperinflation’. Additionally, such strategy can strengthen the country and allow it to move forward gradually towards economic stage of recovery. Which can further lead to making India a “Self-Sustaining Economy” a goal, if accomplished, can make India a leading exporter of increased commodities at all the three levels of production- primary, secondary and tertiary.

While demarcating the Indian Market, specifically the ‘Competition’ that will be prevalent in Indian market after following the said reformation, an expected conflict can be raised in regard to the ‘Competition Act, 2002’ as there will be several deliberate actions of government minimizing the overseas interference in Indian Market, impacting positively for Indian sellers in market competition. The notion to render such move of the Government ‘unlawful’ will not stand a ground to be sustained from being upheld. The implied issue that will be raised is that this will provide several such actions that will be contradictory in nature as to the ‘Competition Act, 2002’. Justifying the Acts of the Government, Chapter IX, Section 54 clause (a) of the Act shall be moved which states that- *“The Central Government may by notification, exempt from the application of this Act, or any provision thereof, and for such period as it may specify in such notification- any class of enterprises if such exemption is necessary in the interest of security of the state or public interest.”* Hence, restricting scope of the Competition Act can be clearly withdrawn from the strategy on the grounds that the same is intended wholly for ‘Public Interest’ therefore, providing immunity to the actions and being justifiable to the terms of ‘Competition Act.2002’. Afterall, ensuring a dignified life to people is a ‘constitutional obligation’ of both, the Supreme Court and the Central and State Governments.

While Concluding the article, Roosevelt's quote makes perfect sense, "*True individual freedom cannot exist without economic security and independence. People who are hungry and out of a job are the stuff of which dictatorships are made.*" The greatest challenge so far in front of the government after the Independence, in field of legal economic regulations is reviving the economy in the present scenario. The steps taken in initial phases will define the future of Indian economy in terms of pace of its acceleration or deceleration. If not dealt as a matter of utmost urgency, India can move towards incalculable negative impacts. If such reformations not brought in the economic and legal framework related to the market and competition, adverseness of the effects is far from being predicted at present.