

**INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES**

[ISSN 2581-5369]

Volume 4 | Issue 4

2021

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Effect of Competition Law on SMEs in India

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ABSTRACT

The numbers of SMEs are much more than any other scale of industry and so accordingly their stress with respect to the competition is much more in the Indian developing economy. The manuscript ahead tries to introduce the meaning of the SMEs along with a brief idea about the dimensions of the Indian Competition law in the first part. The second part deals with how the Competition Act of 2000 and tries to encourage the SMEs along with policy initiatives and measures are taken by the state. The third part will deal with the Anti-Competitive agreements with respect to the Competition Act of 2000 and its impact on SMEs. The fourth part will deal with the role of the central and state governments along with the CCI. The conclusion is dealt in the fifth part of the paper which deals with my own opinion regarding how the SMEs are getting benefitted from the Competition Act of 2000 after the whole analysis and findings. The paper also includes several cases and case studies with regard to competition in India and focuses on the comparison between the laws Act of 2000 and other competition law of other jurisdictions including the USA and European Union.

Keywords: SMEs, consumer protection, unemployment, start-ups, innovation.

I. AN INTRODUCTION TO THE SMALL AND MEDIUM SCALE INDUSTRIES

SMEs in its full form itself explains what they are. These are the small and medium-size entities that are there in our society and produce at a smaller scale when compared to the big enterprises. The SMEs generally means the largest group of undertakings in the form of enterprises in a free market economy. They contribute largely to the GDP of the country. They also provide employment opportunities to the majority of the people because of their more number. The SMEs do a lot for the economy of any nation and society at large. It forms an integral part of the national economy as it introduces new ideas, processes, and services to the society at large. With every single day, it broadens its horizon by exploring and entering into new areas of business.³

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³ Qaqaya - The application of competition law to small-and-me.pdf, , https://unctad.org/sections/ditc_ccpb/docs/ditc_ccpb_rpp2015d02_qaqaya_en.pdf (last visited Jul 24, 2019).

India's SMEs holds the second-largest position in the world after China. They are engaged in wide ranges of services and manufacturing of more than 6,000 products starting from traditional to modern & hi-tech items. One of the most successful policies of the government of India's, the "Make in India" attracts huge inflow of the foreign direct investments in India and led to the rapid growth of the SMEs. The government policies like these have motivated the Indians to set up more and the number of SMEs and ultimately solve the problems of unemployment and poverty in India. The Indian government has been providing easy steps for formation, financing, tax benefits and other golden opportunities to all those who are establishing SMEs. As per the latest official estimates, it was found that within the territorial boundary of India there were around 0.33 million small, 63.05 million micro and 5000 medium enterprises.⁴ So far as the Indian states are concerned Uttar Pradesh has the largest number of SMEs amounting to 14.20%, followed by West Bengal 14%. Tamil Nadu and Maharashtra have 8% each.

In India, the SMEs coverage and investment ceiling are governed by the "Micro, Small and Medium Enterprises Development (MSMED) Act" 2006. The act categorizes SMEs into two forms- the manufacturing sector and the service sector. There are lots of opportunities for those who want to establish SMEs and in all the sectors with special benefits from the government of India. The opportunities in the 'Small and Medium scale industries and enterprises' in India include telecommunications, health-care, electronics, information technology, pharmaceuticals automotive, gems, and jewelry, chemical, textile, food, and agriculture.

In the territorial limit of India, the initiation of the competition law and policy can be traced back from the 1990s when it evolved and the need was felt to bring the 'Competition Act of 2002' to remove the deficiencies of the MRTP Act in a liberalized and globalized economic framework that India was moving forward. After considering the recommendations of various expert committees including the SVS Raghavan Committee, the Competition Act of 2002 was enforced. The Act provides for the creation of a specialized body for the promotion of healthy competition and prevention of anti-competitive practices thereby giving remedies to the aggrieved party. The specialized body is named as the 'Competition Commission of India' and it's started functioning from 2009. The CCI is vested with the power to prevent anti-competitive practices and prohibit anti-competitive agreements and abusive market conduct by dominant enterprises. The commission is also empowered to regulates the proposed mergers and

⁴ Micro, Small, and Medium Enterprises in India – An Explainer - India Briefing News, , <https://www.india-briefing.com/news/micro-small-medium-enterprises-india-explainer-17887.html/> (last visited Jul 24, 2019).

acquisitions which are likely to have an appreciable adverse impact on healthy competition prevailing in the market.

The aim behind the forming of competition law in any country is to protect the interests of consumers and the other market players by prohibiting all those practices which have an appreciable adverse effect over the healthy competition. The ‘Competition Act, 2002’ provides the prime objective of the legislation as “*to prevent practices having an adverse effect on competition, to promote and sustain competition in markets, to protect the interest of consumers and to ensure freedom of trade carried on by other participants in markets in India*”. The Act focuses at providing an equal playing field for every enterprises and industry irrespective of their size and financial position thereby ensuring equal opportunities of them to take part in the economy.⁵

With the increase in the number of enterprises in a developing country like ours, the need for healthy completion was felt. The SMEs are more susceptible to the threat of the abuses that are done by the financially sound dominant enterprises who tries to remove the smaller market players from the market and gain the control over the market by capturing more market shares. SMEs are likely to get harmed by the anti-competitive conducts of the bigger enterprises in various means. For example, ‘cartelization⁶ between large producers of raw materials could affect the prices and/or supplies of inputs required by SMEs’. Also, some of the financially sound and stable firms try to restrict healthy competition by performing below-cost pricing technique which we commonly call predatory pricing in order to remove small competitors from the market. All these hampers ultimately the growth of the SMEs who have to both compete with themselves as well as with the big companies who are the giants in their respective sectors.

On one hand the act of 2000 benefits the SMEs by safeguarding their economic opportunities but never the less they are also subject to its provisions. The Competition Act of India is applicable both on large industries and enterprises as well as SMEs, thus both of them are equally liable under the completion law for hampering healthy competition. This practice is not only restricted to India but also prevails in other countries where SMEs are found to be practicing anti-competitive practices.

⁵ SMEs and Competition Law: Worth Exploring the Linkage, , WORLD ASSOCIATION FOR SMALL AND MEDIUM ENTERPRISES (2018), <http://www.wasmeinfo.org/smes-and-competition-law-worth-exploring-the-linkage/> (last visited Jul 24, 2019).

⁶ A **cartel** is a group of apparently independent producers whose goal is to increase their collective profits by means of price fixing, limiting supply, or other restrictive practices. Cartels typically control selling prices, but some are organized to control the prices of purchased inputs.

II. EFFECT OF COMPETITION ACT, 2002 OVER SMES

The Competition Act of 2002 does not include any exclusive provision for the SMEs in particular rather the whole Act is applicable over them. The preamble enumerates that “it is an act to provide for the keeping in view the economic development of the country...”. And the prime aim behind the creation of a body like the Competition Commission of India is to fulfill the notion of freedom of trade among various market participants within the territorial dimension of India. But nevertheless, the SMEs protection is always one of the reasons why the Competition Act of 2002 was formed.

Following are the four laudable objectives of the Act of 2002 in India and their effect on the SMEs:

a) to prohibit all such practices which have an appreciable adverse effect on competition; {When the anti-competitive practices are prevented then the small players of the market get a free chance to fairly participate and ultimately sustain in the market. The market becomes more transparent and there is less chance of playing hide and seek with the consumers and adversely affecting them}.

b) to promote and sustain competition in markets; {With this objective the competition is expected to exist between the large or gigantic industries and also the small ones. Everyone is given a fair chance and the market in India is to promote competition and sustain it instead of monopolizing.}.

c) to safeguard the interests of consumers; and {The more the number of market players the greater the level of competition exists and with that the higher choice of the same product is available to the consumers. They are not to get adversely affected instead they will get exposed to better product qualities, quantities, and pricing with a greater degree of competition. And the number of SMEs is obviously higher the big industries in any sector}.

d) to fulfill the notion of freedom of trade among various market participants within the territorial circumference of India. {Freedom to practice trade and profession is guaranteed by the Constitution of India in Article 19 and the more the number of SMEs will be there in any sector the higher the competition will be there. And above all the problem of unemployment will be solved by self-employment initiatives taken by the individuals by establishing SMEs in the form of start-ups, firms, one-person companies, and small private companies as enterprises}.⁷

⁷ The Handbook of Competition Enforcement Agencies: Luthra & Luthra (2010), http://www.luthra.com/admin/article_images/SMEs-and-Role-of-CCI.pdf/ (last visited Jul 25, 2019).

And all the objectives more or less try to provide the SMEs with a fair chance to compete in the market and maintain healthy market competition.

The actual motive behind such objectives is *to prevent all those practices which obstruct the path of healthy competition. The other objective is to encourage healthy competition in the relevant market and ultimately safeguard the consumer's interests. Also, the Act tries to promote the fundamental notion of freedom of trade among various market participants in India*". The ultimate focus is to furnish equal opportunities to various enterprises irrespective of their sizes and to participate in the market by promoting healthy competition in India.

The cartelization practiced by the large and financially stable producers of raw materials drastically affects the interest of the SMEs by restricting the supplies of raw materials and increasing the price of the same. The bigger enterprises sometimes remain indulged in predatory pricing thereby restricting healthy competition. And this adversely affects the SMEs and hinders them from competing. The best example in this regard is the investigations that were done by the European Commission in 2009 in the European Union food retail sector. The commission found that big supermarket chains were abusing their dominant position by indulging themselves in the anti-competitive practices. As a result of the activities done by the big supermarket, lots of SMEs fails substantial loss and thereby shut down their business.

Section 3⁸ and section 4⁹ of the Act states the provisions of these anti-competitive practices and agreements. On a regular basis, companies enter into both formal and informal agreements concerning manufacturing, stock, circulation, transportation, storage, acquisition of control over goods and services.

- a) Tie- in arrangement; - Is such an agreement, the purchaser of the commodity are positioned in such a situation that purchaser buys a different good instead of what he wanted to purchase.¹⁰
- b) Exclusive supply agreement; - Is a particular kind of agreement, which puts a restriction on the purchaser to purchase goods from any other seller or any other person except the one who has been nominated.¹¹

⁸ §3, the competition Act, 2002 Acts of Parliament, 2002 (India).

⁹ §4, the competition Act, 2002 Acts of Parliament, 2002 (India).

¹⁰ T.Ramappa, Competition Law in India: Policy, Issues, and Developments, 101 (2nd ed. Oxford University Press, Delhi). (last visited Jul 24, 2019)

¹¹ *Standard Oil Co. of California v. United States*, 337 U.S. 293 (1949); "IT was stated by the US Supreme Court that this requirement under the agreement was violates of section 3 of the Clayton Act, 1914, as it was restricting the access for its retailers of other channels of procuring gasoline and petroleum products and that therefore, competition had been foreclosed in a substantial share of the line of commerce." Last visited on 22.04.2019

- c) Exclusive distribution agreement; -Is a particular kind of agreement which restricts or repress the yielding or distribution of goods or allot a particular area of the market for the clearance or sale of the goods.¹²
- d) Refusal to deal; - It curbs or likely to inhibit persons or to a particular class of person to whom goods can be sold or purchase¹³.
- e) Resale price maintenance: - This agreement states a situation in which the seller fixes a price, at which the buyers may resell the goods.

The Competition Act does not allow such agreement as it puts a restriction on the use of the market power to decide the cost of products. Though there is no proper thumb rule to determine which agreement will be considered an anti-competitive agreement, section 19¹⁴ confers power to the commission to inquire if there is any alleged contravention of section 3(1) and section 4(1) of the act. Further, Section 19(3) states six factors to adjudge whether a particular agreement has an apparent antagonistic impact on competition or not.¹⁵

Competition Act of 2002 provides for remedies against the anti-competitive practices because of which the parties are affected. As per the provisions of the Act, any person or enterprise or association can knock the door of the commission to mitigate the abusive practices. Thus, the SMEs always have the opportunity to knock the door of the CCI and request it for initiation of an inquiry against any enterprise or industry who indulge themselves in anti-competitive practices. After receipt of the request, CCI is bound to investigate the matter and penalize the culprits if they were found guilty. Also, the SMEs always have an inherent right to claim compensation if they had incurred any loss as a result of a contravention of competition law by the other party. Effective competition law is therefore required for providing an equal

¹² *Timken Roller Bearing Co. v. United States*, 341 U.S. 593 (1951); “In this particular case it was held that, according to the agreement between the corporations (the appellant corporation, a British corporation and a French corporation), had earmarked trade territories among themselves; use to fix prices of the product which was to be sold in the territory of others; it was done to protect each-others market and to avoid outside competition, and also use to take part in cartel to restrict imports to, and exports from, the United States. IT was stated by the court that the appellant had violated the Sherman Act as charged, and entered a comprehensive decree designed to bar future violations.”

¹³ “In this situation refusal includes constructive refusal, which means by forcing unreasonable exchanging conditions for the supply being referred to or by unduly deferring or corrupting the supply of the item in questions.”

¹⁴ §19(1), the competition Act, 2002 Acts of Parliament, 2002 (India), “deals with Inquiry into any alleged contravention of the provisions contained in subsection (1) of section 3 or sub-section (1) of section 4 either on its own motion or under mentioned two conditions as A and B of the same section”.

¹⁵ § 19 (3) of competition Act 2002 Acts of Parliament, 2002 (India), states , “six factors first three being anti-competitive remaining three being pro-competitive factors (a) creation of entry barrier (b) driving existing competitors out of market (c) foreclosure of competition (d) benefits to consumers (e) improvements in the production or distribution of goods or the provision of services, and (f) the promotion of technical, scientific and economic development, which the commission shall examine, while determining whether an agreement has an adverse effect on competition under section 3 of the Act”.

opportunity to all the enterprises be it the big giants or the smallest ones. On one hand the act of 2000 benefits the SMEs by safeguarding their economic opportunities but never the less they are also subject to its provisions.

The Competition Act of India extends its horizon over SMEs as well as big enterprises. And so any SME that engages in anti-competitive practices is also found to be guilty. This law is also similar to the laws of different nations where the SMEs were punished for the violation of competition law by engaging themselves in anti-competitive practices. For example, the German Federal Cartel Office in 2014 found that some of the sausage manufacturers (SMEs) are indulged in anti-competitive practices and cartelization. The CCI has also traced that some of the SMEs are also involved in bid-rigging practices, which are explicitly prohibited by competition law.

III. ANTI-COMPETITIVE AGREEMENTS AS PER THE COMPETITION ACT OF 2000 AND ITS IMPACT ON SMEs

The SMEs contribute 35-40% of India's GDP. They are a major contributor to balanced economic growth and development of the economy through their contribution to growth, employment generation, and poverty reduction. Moreover, SMEs help in reducing the migration of rural peoples to urban areas by creating employment opportunities in rural areas and proliferating indigenous technologies. The small size of SMEs can be both advantages and a disadvantage.

In India, the SMEs are defined as investment in plant and machinery separately for the services and manufacturing sector, generally without regard to the nature or type of industry where they operate. The MSMED Act of 2006 defines an MSME as follows: "In the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, an enterprise is stated as-

- a. A micro-enterprise, where the investment in plant and machinery does not exceed twenty-five lakh rupees;
- b. A small enterprise, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or
- c. A medium enterprise, in which the investment made in plant and machinery exceeds five crore rupees but does not exceed ten crore rupees."

But our Competition Act of 2002 does not look at the size of the enterprise whether in terms

of capital, or turnover or the number of employees. The effect has to be adverse and against healthy competitive practices. So we do not exclude the SMEs from the scope. And in cases wherein they indulge in anti-competitive practices then the Act extends over them also.

As per the 'Competition Act of India', 'anti-competitive agreements' in India can be of the following typologies-

1. **HORIZONTAL AGREEMENT** [SECTION- 3(3)] – 'Horizontal agreements' are the agreements amongst those firms that deal in similar kind of business, like two manufacturers, wholesaler, distributor or retailers, etc., these agreements are defeatist in nature and put an appreciable adverse effect on competition. So far as Horizontal agreements are concerned, these are of four kinds:-
 - a. Fixation of price
 - b. Production control/ output control
 - c. Market sharing
 - d. Bid rigging.

Now moving on to an illustration to show how SMEs indulge and get into horizontal agreements I would like to firstly say that these are not per se prohibited but have a good chance of rebutting in a case wherein it is done by the SMEs. Suppose A Pvt Ltd is a SME dealing in handloom industry of making Ikkat sarees and other SMEs near it doing the same business are B Pvt Ltd, C Pvt Ltd, and D Pvt Ltd. Now if A, B, C, and D get into an agreement amongst themselves with regard to price fixation or production control, then it will amount to a horizontal agreement. But this may take the form of a cartel and so such form of agreements must not be even permitted. Only when such co-operation is for some benefit like training purpose or use of better resources etc it should be permitted.

2. **VERTICAL AGREEMENT** [SECTION-3(4)] - Vertical agreement is the agreements amongst the firms that deal in the different business line, like an agreement between manufacturer and distributor, etc.

Section 4 of the Competition Act enshrines the provisions for abuse of dominance or smothering the level of healthy competition in the market, and adjudge whether in a specific market there is abuse of dominance or not one has to confer from the list given under section

19(4) of the act, it is always to be kept in mind that abuse of dominance is erroneous under the Act and not the dominance itself.¹⁶

At times cooperation agreements amongst the SMEs tend to be necessitated for the survival of the firms. Agreements amongst SMEs at times help in counteracting some of the economies of scale that a large firm may enjoy. There are two schools of thought regarding these cooperation agreements amongst SMEs. One view holds that by increasing the SME's efficiency, such agreements are of great importance to the economy and sustenance of healthy competition in any country. It has been argued that they can contribute to improving competitive structures and in that case, are even considered desirable from a competition policy perspective. Many times, this very cooperation agreement enables SME to compete with large firms. Thus, the SMEs help to increase competition in the market and the agreements amongst SMEs may be justified on that basis. The opposite view is that co-operation stifles competition.

Anti-competitive practices act as a resistance to the choice of consumers and often lead to a rise in prices that ultimately affect the general public, especially the poor and the middle class in particular. And when such cartels are formed with regard to essential goods and services that are required in everyday life for basic necessities their effect is the most harmful in a developing country like India wherein the maximum lot of population consists of the poor or lower-middle-class people. Active participation of the SMEs in competing with the bigger firms can always be a strong force behind the maintenance of healthy competition.

Cartels adversely affect the SMEs by preventing them from entering into the cartelized markets and developing their businesses or even sustain their already existing small businesses in the market. For instance, at times when the SMEs want to start a new business in the market, the cartelists may collide to prevent them from entering or the cartelists can increase the rate of inputs which the SMEs take from them for further production.

IV. ROLE OF THE GOVERNMENT IN PROVIDING THE SMES A CHANCE TO COMPETE

The Indian Government since our independence has tried to promote the concept of self-employment and business enterprises at the small level with financial aid and social benefits affixed. The Companies Act and other acts governing the business sector including the taxing laws are pro-competitive and always try to promote the SMEs in participating in the market. With the new government in 2014, under the leadership of our Prime Minister Mr. Narendra Damodardas Modi many new campaigns, plans, and yojanas have started. The “Make in India”

¹⁶ The Indian SME trends: The year gone by and 2017 (2016), <https://economictimes.indiatimes.com/small-biz/sme-sector/indian-sme-trends-the-year-gone-by-and-2017/> (last visited Jul 25, 2019).

is one of the most famous campaigns among them, wherein the SMEs are the main focal point. The increased number of a start-up business in the form of SMEs is further helping in reducing the problem of unemployment in India. It is both providing selves establishing chances as well as employment opportunities to the Indian youths.

Some of the major policies that are implemented by the Government of India since 2015-2019 is the “Public Procurement Policy, Pradhan Mantri Mudra Yojana, Make in India, Start-up India, and Skill India”. The introduction of GST is also another highly important initiative take from the side of the government to help the SMEs in flourishing.¹⁷ And the policy of Digital India also helps the SMEs of India to easily do their businesses.

Moving on to what the various state governments are doing, they are also implementing their own policies and framing new ones to help the growth and development of SMEs and also trying to promote them by inspiring them to begin. SMEs in the form of handlooms, poultries, dairies, and the like are promoted by the respective departments of the government in this regard. The states themselves are trying to get GIs registered or patents and copyrights registered for SMEs for their better developments. Examples can be that of Ponchampalli Ikkat, Bengal’s Rosogolla, Odisha’s Rasgulla, Shaktigarh’s Langcha, Dhaniakhali’s Tant and lots more for the better interest of the SMEs and cottage industries that produce in these sectors. A lot many NGOs and self-help groups are also aiding side by side to take up such opportunities. An example being West Bengal Government’s initiative to set up an integrated production and promotion hub for the SMEs near Shantiniketan in Birbhum District with the name Biswa Khudra Bazar. Some others being West Bengal Incentive Scheme for setting up SMEs for development in the backward region, Silpa Disha for redressal of grievances of SMEs online vide mobile app, Online Single window Sevice portal for easy business called Silpa Sathi, Oldage pensions to handicrafts and village industry artisans, Encourage product branding “Made in Odisha” and the like.

In order to ensure ‘Zero Defect’ manufacturing that has ‘Zero Effect’ on the environment an initiative was taken by the Government of India by setting up a mechanism for the SMEs known as the performance and credit rating system or ‘ZED rating’. As per the mechanism, the SMEs are to be categorized as bronze, silver, gold, diamond, and platinum. The main objective of the rating system is to assist the SMEs to grow, enhance the quality of their products and attain the economies of scale.

Following are some of the initiatives taken by the government of India to promote the growth

¹⁷ *Id.*

of SMEs and help them to sustain in the competition of the market:-

1. **The “Credit Guarantee Fund Scheme”**: This scheme is applicable to the existing as well as the new enterprises which are in the form of SMEs. It aims to provide them collateral-free credit or loan facility. The government has created certain trusts which helps at providing working capital loans up to hundred lakhs per borrowing in association with ‘SIDBI’.

2. **The “Credit Linked Capital Subsidy Scheme for Technology Up-gradation (CLCSS)”**: It has been created by the Ministry of Small Scale Industries to provide capital subsidy up to 15% or a maximum of INR 15 lakhs to the SMEs that are ready to use such capital for the modernization of plants and machinery.

3. **Financial Assistance for International Participation**: Under this scheme, the Ministry of Small Scale Industries offers to provide for the funds to the SMEs who take part at the international trade fairs or exhibitions or promote the sector-specific market studies by the industrial associations.

4. **Technology & Quality Up-gradation Support to SMEs**: Under it, the SMEs are helped as they gain the benefit of the energy-efficient technologies and the manufacturing processes in order to reduce pollution and help them to perform better in terms of quality and production. On the use of such technologies by the SMEs the government at times provides a funding up to 75% of the expenditure.

5. **The “Mini Tools Room & Training Centre Scheme”**: The government of India has prescribed for providing a grant or equalling to cost of machinery to create up to 9 lakhs of rupees for establishment of new mini tool room and up to 75% of the cost upon up-gradation of an existing room by the SMEs. Through this, the ultimate aim is for the creation of a skilled workforce that will benefit the SMEs and India ultimately.¹⁸

All these initiatives are taken up by the government of India and the State governments finally has made doing business much easier and simpler by providing for a solution to the rising problem of unemployment in our country. It is also providing for an opportunity and ample of new schemes providing a framework for forming a base to help them in establishing and running their dreams of starting their own businesses. And the Indian Nobel Laureate and economist Dr. Amartya Sen has rightly put up that for improving the economic development of a country like ours SMEs exactly and appropriately solve the problem if our economy by looking over the three factors which can be solved poverty, inequality, and unemployment.

¹⁸ Role Of Sme’s In India’s Economic Growth, , <https://www.herofincorp.com/blog/role-of-smes-in-indias-economic-growth> (last visited Jul 26, 2019).

The SMEs provide for employment opportunities of the local people. They employ both skilled and unskilled workers who do not get the opportunity of getting employed in bigger enterprises. And ultimately they contribute to the development of balanced economic growth of our nation and reduce poverty.

V. CONCLUSION

Richard Branson has rightly quoted, “A big business starts small, great ventures start from small beginnings and that includes your small business”. These words exactly portray how important SMEs are. SMEs are those enterprises which have scope to grow in future and every small attempt in the forming of a SME is a step ahead to solve the distress of unemployment and poverty in a country like ours and ultimately be a boon to our economic growth. They help in the growth of a free market economy. They are a vulnerable part of our society that is often affected by the anti-competitive practices done by the bigger industries. But still, without them, a market with healthy competition cannot exist. The Competition Act of 2000 tries to protect and promote the interest of the SMEs by promoting healthy competition and prohibiting anti-competitive practices. The Act is equally applicable to the SMEs and in cases where the SMEs are found guilty of any provision they are not excluded.

Above all from the four chapters that we have written introducing what are SMEs, with how the Act of 2000 is applicable over them and the impact of the anti-competitive agreements over SMEs. We would like to conclude our paper by providing a short analysis of how the following are getting affected by the SMEs and their growth in India-

1. The government of India- With more number of SMEs the GDP will increase, the problem of unemployment will be solved and the economy will rise. Further, the government’s revenues will also increase and above all, a healthy competitive market will be there in India. The ultimate benefit will obviously go to the Government of India and so it is trying to incorporate policies to motivate people to start new SMEs.

2. The entrepreneurs- The people who start and incorporate a SME will be benefitted by making the use of the opportunities granted by the government through its policies. And when in future the SME stands erect then ultimately the owners will be benefitted by it the partners, the sole proprietor or the shareholders or angel investors or the venture capitalists.

3. The consumers- With more number of enterprises competing with each other, the market will be having healthy competition. The quality and quantity along with the pricing will be fair and reasonable. The consumer will not get affected adversely in a situation where more

number of market players are participating, and there won't be a scope of them getting exploited.

4. Unemployed youth- The unemployed youth of India have a chance to become entrepreneurs by starting their own businesses in the form of the SMEs as well as in a case wherein SMEs are there they are likely to employ the local youth both skilled and unskilled to provide manpower. The problem of unemployment and poverty is likely to be solved.

5. The competitors- With the increasing number of the SMEs in a market the existing as well as the new competitors will be forced to perform better in order to sustain in the market. They will always have an urge to perform better.

6. The public- The public will obviously get benefitted with the increased number of SMEs either as the consumer, or employee or any other stakeholder who is interested.

Swami Vivekananda did not spread the wealth to the human race but spread the means to it. It is he who tried to inculcate the values of Swadeshi and concept of Make in India back in the latter half of 1885 onwards. The young sannyasin went on with man making for the upliftment of the society. He had encouraged Jamshedji to build a steel plant in India and that is how, Tata Steel Ltd, was set up at Jamshedpur.¹⁹ And even at that point of time Tata Steel Ltd was in a small form. It was the first time the concept of Make in India was implemented. He felt that industrial advancement would require the development of indigenous technology. He had aroused the concept of entrepreneurship to strengthen the economy and urged to the entrepreneurs not to forget to repay the society for their achievements through contributions by them for the welfare of the society. And so he tried to promote SMEs in India. Swamiji intellectually asked all Indians to participate and work, his varied quotes including "Utthisthito Jagroto Prapyo Baran Nibodhat" meaning "Arise, Awake and stop not till the goal is reached" echoed in the hearts of Indias to become ventures and invest in businesses in India and especially promote production of goods and services in India.

Mahatma Gandhi also had urged to industrialists and businessmen of India to provide a part of their income for the development of the underprivileged and poor strata of the society. He enlightens us with the wonderful concept of trusteeship which adds to the socio-economic development of the country. Gandhi considered the companies and industries as "Temples of Modern India" and are the trustees of the Indian society and thereby responsible for its welfare. Gandhiji's views on self-sufficient village economy, containment of wants, Swadeshi and

¹⁹ Vision of Swami Vivekananda on participation of corporates on social growth and CSR-C.SS. Saibal .C.Patel. (last visited Jul 26, 2019)

others were sacred for him as principles of truth and nonviolence. By these he necessarily tried to promote the growth of Indian industries especially the SMEs in the villages and rural India more to make India a self sufficient country able to produce everything for the need of its people without external help and able to solve all the problems of its fellow citizens especially the problems of poverty and unemployment in order to make the countrymen happy and self satisfied. He even envisaged back then even before our independence the villages as self – sufficient republics and stressed on the growth of the rural economy with his initiatives of Swadeshi, khadi, handloom, handicraft, and sericulture. He even advocated for charka as a weapon to promote gainful employment for able-bodied individuals.

And so from our whole discussion what comes up is “Ayogyo manaobo nasti” meaning there is no man on earth who is ineligible and so it is true for all the Indians. Every single Indian is capable of giving employment as well as getting employed and one of the ways to establish this verse is through the establishment of SMEs in more numbers. The government herein acts as the nurturer and provides a variety of prospective incentives and benefits to them. What revolves is that compete with yourself and not others in order to become the best of yourself. And do not try to indulge in anti-competitive activities in order to eliminate competition for without competition you can never bring out the best in you. This is the truth behind all the enterprises be it a small or medium or a large one. And as for a developing country like ours, we need healthy competition to exist in the market for our further development. And the Act of 2000 acts as a help in this regard.
