

## Merger of NAA-CCI

### Why in news?

*The National Anti-Profiteering Authority (NAA) under the Goods and Service Tax (GST) regime is proposed to be merged with Competition Commission of India (CCI).*

### What is the NAA?

- The National Anti-Profiteering Authority (NAA) was established under Section 171 of the **Central Goods and Service tax Act, 2017**.
- It was initially set up for a period of 2 years after the implementation of GST in 2017.
- It was set up to control unfair profiteering by suppliers (where they were not passing on benefits of reduction in tax rates to consumers, etc.)
- It essentially **works as a price regulator** which ensures that any undue benefit is not reaped by companies, due to changes in GST laws.
- The NAA was subsequently given two extensions.

To know more about the National Anti-Profiteering Authority, [click here](#).

### What is the problem with the NAA?

- The lack of methodology to determine the extent of profiteering by companies has also been a sore point.
- Further, NAA orders have no right to statutory appeal and, hence, a plethora of writ petitions have been filed challenging such orders before the Delhi High Court.
- So, the foundation of the NAA has been the subject of judicial scrutiny.
- The CCI, on the other hand, has been maturing in the years since its inception, with prominent orders imposing penalties on companies being regularly upheld in judicial forums.

### What is CCI?

- The Competition Commission of India (CCI) is a statutory body established under the **Competition Act, 2002**.
- It was launched with the objective of preventing practices by companies which have an adverse effect on competition (like cartelisation, etc), and to ensure freedom of trade.
- The CCI is **not a price regulator** but a referee to ensure fair market practice in a competing trade environment.
- The CCI has a clear appellate mechanism with appeals at the first level to the National Company Law Appellate Tribunal, and thereafter to the Supreme Court.
- Thus, the two regulatory bodies are operationally different.

To know more about the Competition Commission of India, [click here](#).

## What is the issue with merging these two regulatory bodies?

- To bring together these two operationally different bodies, a separate wing must be set up in the CCI to handle complaints of GST profiteering.
- There is another issue with the existing practice in the NAA that is to be merged into the CCI framework.
- **Existing practice in the NAA** - In the NAA, the complaints are first screened by a State-level committee.
- Then on approval, complaints are sent to the Director-General of Anti-Profiteering for investigation and, the investigation report sent to NAA.
- So, combining this framework with the CAA's framework is riddled with foundational potholes.
- The CCI, whose focus area is much broader, simply lacks the expertise to interpret GST laws and the passage of GST benefits to the end-consumer.
- **Cases pending** - There are a multitude of cases pending before the NAA that will now fall into the plate of CCI, which would have to learn "on the job" to deal with them.
- Also, the CCI also has its own set of problems like
  - lack of regular officers,
  - lack of expertise in tax and pricing matters,
  - pendency of cases, and
  - further possibility of being overwhelmed with other new responsibilities.
- Given the DNA of the soon-to-be-adopted stepbrother from GST law, this is not going to be an easy task and has the potential of upending the maturity of the CCI gained since its inception.

## What is to be done?

- On the face of the objective to reduce regulatory bodies, the CCI would possibly be the nearest parent for the adoption of the NAA.
- However, the practical challenges need to be addressed first by the GST Council and the courts.
- It may be worthwhile to consider alternative avenues in the interests of both the regulatory bodies.

## Reference

1. [BusinessLine | CCI adopting NAA is riddled with challenges](#)