# Regulation of Horizontal and Vertical Agreements under the Competition Act, 2002: Understanding Their Anti-Competitive Effects

Adv. Pinky Bansal
*Student of LLM, Dr. B.R. Ambedkar National Law University*

***Abstract*—Agreements between businesses are a normal part of commercial activity and are often necessary for efficient production and distribution of goods and services. However, in cases where such agreements limit competition, it may be detrimental to the consumers and the market. The Competition Act, 2002, regulates these agreements in India to ensure fair competition. Competition laws usually place anti-competitive agreements in two categories, namely, horizontal agreements and vertical agreements. The Act has not used the terms "horizontal agreements" and "vertical agreements"; however, the words used in the Act indicate that agreements in Section 3(3) and Section 3(4) are horizontal and vertical agreements, respectively.**

**Horizontal agreements are agreements between the enterprises working on the same level of the market, such as agreements between competing manufacturers or sellers. These agreements include practices such as price fixing, market sharing, limiting production, and bid rigging. Section 3(3) of the Competition Act provides that certain horizontal agreements are presumed to cause an appreciable adverse effect on competition, including cartels. They are treated strictly and are generally prohibited without requiring detailed economic analysis. On the other hand, vertical agreements are defined under Section 3(4) of the Competition Act, which prohibits vertical agreements, i.e., agreements between enterprises at different levels of the production chain in different markets for goods or services, which cause or are likely to cause an appreciable adverse effect on competition in India. These include arrangements like exclusive supply agreements, exclusive distribution, tie-in arrangements, refusal to deal, and resale price maintenance.**

**This paper explains the legal framework governing both horizontal and vertical agreements, discusses their anti-competitive effects, and examines important decisions of the Competition Commission of India and Indian courts. The study highlights how Indian competition law follows a balanced approach—strictly prohibiting harmful horizontal agreements while carefully evaluating vertical agreements to distinguish between anti-competitive practices and legitimate business arrangements.**

***Index Terms*—Horizontal agreements, Competition Act, vertical agreements, anti-competitive agreements**

## I. INTRODUCTION

In a market economy, competition is critical in delivering efficiency in the economy, innovation, and consumer welfare. The freedom of competition among firms will result in lower prices, high-quality goods, and increased options. When the enterprises make agreements where they do not compete with each other, however, the market operations are distorted. Such deals can decrease production, raise costs, oust competitors, and eventually damage the interests of consumers. Having noted this, India came up with the Competition Act, 2002, to discourage practices that adversely affect competition, encourage and support competition in markets, and protect consumer interests.[1]

Section 3 of the Competition Act, 2002, namely, the section that forbids anti-competitive agreements[2], is one of the focal points of that act that broadly divides the agreements into horizontal and vertical. Horizontal agreements refer to those that are signed between enterprises at the same stage of the production or distribution chain, e.g., between competing manufacturers in order to fix the price or to divide the market.[3] Horizontal agreements are usually viewed as

[1] **Competition Act, 2002**, Preamble.
[2] **Competition Act, 2002**, s. 3.
[3] **Competition Act, 2002**, s. 3(3).

extremely harmful, as they eradicate competition among the competitors. Therefore, under section 3(3), some of the horizontal agreements, e.g., price fixing, bid rigging, and market allocation, are assumed to cause an appreciable adverse effect on competition (AAEC).[4]

On the other hand, vertical agreements are agreements between businesses at varied levels in the chain of supply, including one manufacturer and one distributor.[5] In contrast to the horizontal agreements, the vertical ones are not assumed to be anti-competitive by default. Rather, they are discussed through the rule of reason approach to identify whether they cause AAEC in India.[6] This is based on the fact that some vertical agreements can suppress competition, while others can make the system more efficient and benefit the consumers.

The Competition Commission of India (CCI) formed under the Act is very fundamental in regulating the agreements of this nature. The CCI and the appellate authorities have over the years formulated jurisprudence as to the extent of horizontal and vertical restraints. In Excel Crop Care Ltd v. Competition Commission of India, the Supreme Court pointed out that cartel agreements under Section 3(3) are inherently harmful and justify strict treatment.[7] Likewise, in Fx Enterprise Solutions India Pvt. Ltd. v. Hyundai Motor India Ltd., the CCI used thorough examination of the market to deal with vertical restraints like resale price maintenance and exclusive dealership.[8]

Such agreements are not initially unique to India; they are similar to the principles of the international competition law, especially in the European Union and in the United States; however, the Indian flow of regulation has developed in its own way, with the consideration of the realities of the Indian economy, as well as the aim to safeguard the competition of the Indian market. Although there is increasing jurisprudence, there are concerns as to the uniformity of application, the economic evaluation of the vertical restraint, and the clarity of the standards that are used in determining the AAEC.

This research paper will explore the legal provisions that apply to horizontal and vertical agreements as provided by the Competition Act, 2002, the effects of these provisions that are anti-competitive, and how the Indian authorities do interpret and apply these provisions. In such a way, the research attempts to add to the better understanding of how competition law is applied in regulating business activities in India.

## II. OBJECTIVES

1. To review the legal framework of anti-competitive agreements under Section 3 of the Competition Act, 2002.
2. To get to know the concept and nature of horizontal agreements and to find out why some horizontal agreements have been assumed to have an appreciable adverse effect on competition (AAEC).
3. To examine the concept of vertical agreements and investigate the way they are evaluated under the rule of reason approach.
4. To research the significant rulings of the Competition Commission of India (CCI), NCLAT, and Supreme Court concerning horizontal and vertical restraints.

## III. LITERATURE REVIEW

Anti-competitive agreements, in particular, anti-competitive horizontal and vertical restraints, have been subject to a wealth of literature on both scholarly and practitioner websites. This literature assists us to realize the impact of such agreements on markets and the reactions of various legal systems to them.

### 1. General Understanding of Anti-Competitive Agreements

The Competition Act, 2002, in India outlaws' agreements that result in or are likely to result in an Appreciable Adverse Effect on Competition (AAEC).[9] This is the significance of these provisions as stressed by a number of authors who point out that these

[4] **Competition Act, 2002**, s. 3(3)(a)–(d).
[5] **Competition Act, 2002**, s. 3(4).
[6] **Competition Act, 2002**, s. 19(3).
[7] Excel Crop Care Ltd v Competition Commission of India, (2017) 8 SCC 47 (SC).
[8] Fx Enterprise Solutions India Pvt Ltd v Hyundai Motor India Ltd Case No. 36 of 2014, Order dated 14 June 2017 (CCI).
[9] Competition Act, 2002, s. 3.

provisions are vital to ensuring market competitiveness.

According to Avtar Singh, anti-competitive agreements falsify market outcomes as they artificially change prices, curtail production, and limit consumer welfare.[10] R. Nagaraj and K. Sreenivasa accomplish the same point by stating that the Act seeks to discourage agreements that provide artificial benefits to some businesses at the cost of healthy competition.[11] These articles give a background of the reasoning of why competition law governs agreements but tend to be more descriptive than analytical about the distinctions between horizontal and vertical restraint.

2. Horizontal Agreement and Cartel

Horizontal agreements are usually agreements that aim at coordinating the competitors on the same level of the market. These are such practices as price fixing, market allocation, production control, and bid-rigging. This is because the literature unanimously views such agreements as pernicious in nature.

This matter has been affected by international precedents on its jurisprudence and economic reasoning by the CCI. Whish and Bailey state that cartel behavior is considered the worst kind of anti-competitive behavior since it has the direct effect of eradicating price competition.[12] This is the same as Section 3(3) of the Competition Act, which gives specific categories of horizontal agreements presumed to have AAEC.[13]

In scholarly commentary, it has been noted that this assumption makes the enforcement of such categories simpler, since the authorities do not have to demonstrate actual harm. But some researchers, such as Basu and Das, state that most horizontal restraints are detrimental, but absolute presumption may be inaccurate to assess competition considering the possible presence of relevant economic or industry conditions.

The research on horizontal restraints is extensive yet mostly emphasizes the cartel activity and does not adequately contrast it with the vertical restraints, which causes the one-sided view.

3. Vertical Agreements and Their Effects on Competition

Vertical agreements are between companies at various stages of the supply chain, manufacturers and distributors/retailers. Vertical restraints may be efficient in some cases, which is not the case with horizontal agreements. According to the OECD and the world literature, some of the vertical restraints may help to enhance efficiency in the distribution process, control the product quality, and also make it possible to invest in the market coverage by ensuring a certain level of business because of exclusivity.[14] Within the Indian context, writers like Kapoor and Jain have observed that the Competition Act treatment of vertical agreements under Section 3(4) follows a rule of reason declaration that not all the vertical restraints would be anti-competitive in nature per se,[15] but it has to be evaluated in terms of its actual impact on competition.

Nevertheless, relatively high numbers of scholars also mention that Indian jurisprudence on vertical restraints is not as developed as the horizontal competition jurisprudence. Critiques have been raised against some CCI cases on vertical restraints, such as exclusive supply and maintenance of a resale price, alleging they did not provide a detailed economic analysis and they did not supply clear standards.[16]

4. International approaches to the horizontal and vertical agreements

Comparative information on the key international studies of competition law conducted in the EU and the US is valuable. Vertical restraints are commonly evaluated in the European Union by analyzing the market in some detail, weighing any anti-competitive

[10] Avtar Singh, *Competition Law in India*, 6th ed., LexisNexis, 2023.

[11] R. Nagaraj and K. Sreenivasa, Competition Law: Text, Cases and Materials, 2nd ed., Eastern Book Company, 2018.

[12] Richard Whish and David Bailey, *Competition Law*, 10th ed., Oxford University Press, 2021.

[13] Competition Act, 2002, s. 3(3).

[14] OECD, Competition Policy Roundtables: Vertical Restraints, OECD Publishing, 2018.

[15] A. K. Kapoor and S. K. Jain, Competition Law and Practice in India, 4th ed., Thomson Reuters, 2022.

[16] Kathuria, Vikas. (2020). Vertical Restraints under Indian Competition Law: Whither Law and Economics.

effects and pro-competitive effects.[17] US antitrust doctrine similarly draws a line between per se illegal horizontal restraints and vertical restraints, which should be evaluated on a full rule-of-reason basis.

It is through these comparative methods that Indian jurisprudence has been affected and that the importance of economic analysis in evaluating vertical agreements cannot be ignored. Nevertheless, according to some commentators, the legal framework in India could use some improvement to ensure that economic rationale is always adopted in vertical restraint cases.

5. Jurisprudence of Agreements in Judiciary and CCI

The case law is a vital aspect in influencing the way competition law is implemented.

- Horizontal Agreements—Cement Cartel and Bid-Rigging Cases.

Section 3(3), which deals with cartels, has been strongly enforced by the courts and the Competition Commission of India (CCI), as reflected in several decisions, including the well-known cement cartel case. The Supreme Court in the case of Excel Crop Care Ltd. v. CCI reiterated that the presence of horizontal cartel operations is always detrimental and warrants strict action.[18]

- Vertical Agreement—Fx Enterprise and Automobile Dealers Cases.

In cases involving vertical agreements, such as Fx Enterprise Solutions v. Hyundai Motor India Ltd.,[19] the Competition Commission of India examined practices like resale price maintenance and exclusive distribution. Although these practices were assessed under the test of Appreciable Adverse Effect on Competition (AAEC), scholars have noted that such decisions are not always supported by detailed economic analysis or clearly defined standards. As a result, there remains uncertainty about whether these decisions can be applied consistently in future cases.

6. Synthesis of Literature

According to the literature, the legal and economic approach to horizontal and vertical agreements is evidently different:

- Horizontal agreements are broadly believed to be anti-competitive, and per se prohibition is applicable to them.
- Vertical agreements are known to be controversial in the sense that they must be evaluated with subtle considerations to competitive impacts at a contextual level.

Although horizontal restraints have strong doctrine and jurisprudence, the literature suggests that the vertical restraints are yet to be developed in Indian law.

## IV. RESEARCH GAP

Most existing studies on anti-competitive agreements mainly focus on horizontal restraints and cartelization, often assuming that they are always harmful without closely examining industry-specific factors or recent legal developments. Although vertical restraints are generally assessed under the rule-of-reason approach, there is limited Indian research that compares how both horizontal and vertical agreements are actually interpreted and applied by the Competition Commission of India and appellate courts. Further, there is very little empirical evidence on the impact of vertical agreements in specific industries, and few studies examine whether Indian competition law decisions sufficiently rely on economic analysis. Comparative research between Indian competition law and international practices on vertical restraints is also limited. Therefore, this study seeks to fill this gap by providing a comparative and analytical examination of horizontal and vertical agreements under the Competition Act, 2002, focusing on both statutory provisions and their practical interpretation in real cases.

## V. RESEARCH METHODOLOGY

The research primarily relies on the use of doctrinal (analytical) research, meaning that the current laws, judicial rulings, and academic literature are studied and interpreted regarding the horizontal and vertical agreements under the Competition Act, 2002. The

[17] Case C-209/10, Post Danmark A/S v Konkurrenceradet (2012) EU:C:2012:172.

[18] Excel Crop Care Ltd v Competition Commission of India (2017) 8 SCC 47.

[19] Fx Enterprise Solutions India Pvt Ltd v Hyundai Motor India Ltd (CCI Case 36 of 2014, order dated 14 June 2017).

research is not based on field surveys and interviews but on legal texts and secondary materials.

The data is gathered from both secondary and primary sources. The key sources are the clauses of the Competition Act, specifically the provision regarding anti-competitive agreement in the Competition Act, under Section 3 and as regards to the determination of the Appreciable Adverse Effect on Competition (AAEC), Section 19(3). It also contains orders and decisions of significance of the Competition Commission of India, including those of the Competition Commission of India, like the case of Excel Crop Care Ltd v Competition Commission of India and Fx Enterprise Solutions India Pvt Ltd v Hyundai Motor India Ltd and the appellate decisions of the National Company Law Appellate Tribunal. Secondary sources consist of books on competition law authored by other scholars like Avtar Singh and Richard Whish; articles of research by scholars appearing in journals such as the Indian Journal of Competition Law; and reports issued by international organizations such as the Organisation for Economic Co-operation and Development.

The analysis is based on descriptive methods, analytical methods, and comparative methods. The descriptive approach aims at describing what horizontal and vertical agreements mean and what they are, and the analytical one looks at the anti-competitive consequences thereof and analyses the reasoning behind the leading decisions made by the Competition Commission and courts. The horizontal and vertical agreements are compared using the comparative approach, which is referred to as the Per Se Rule and the Rule of Reason approach, and the Indian legal approach is compared with the international competition law where necessary. The extent of this study is restricted to anti-competitive agreements in Section 3 of the Competition Act, and it principally dwells on horizontal and vertical restraint and judicial interpretation in India. It is not a discussion of other competition law areas, including abuse of dominant position under Section 4 or merger control under Sections 5 and 6. There are also some limitations to the study, as it is based on published case law and literature and lacks empirical data and the statistical analysis of the market. Only major and relevant judicial decisions are discussed because of the space limit. Nonetheless, the methodology can be used since the research is mostly concerned with the interpretation of the legal stipulations and examination of the judicial trends, and doctrinal research assists in critically investigating whether the various treatments of the horizontal and vertical agreements are effective in deterring anti-competitive behaviours in Indian markets.

## VI. MAIN BODY/ANALYSIS

### 1. Legal Framework of the Competition Act, 2002

The Competition Act, 2002, was implemented to ensure that it encourages and maintains competition, safeguards consumers' interests, and acts to deter practices with an appreciable adverse effect on competition (AAEC) in India.[20] Under the Competition Act, 2002, anti-competitive agreements are generally understood in two categories: horizontal agreements and vertical agreements. Although the Act does not directly use these two terms, the wording of the law indicates that Section 3(3) refers to horizontal agreements and Section 3(4) refers to vertical agreements. These provisions are important for determining whether an agreement harms competition in the market. Section 3(1) provides the general rule that any agreement that causes or is likely to cause an appreciable adverse effect on competition (AAEC) in India is prohibited. Section 3(3) deals with agreements between enterprises that operate at the same level of the market, such as agreements between manufacturer and manufacturer or supplier and supplier.[21] These agreements may include practices like price fixing, limiting production, market sharing, or bid rigging, and they may also involve cartels where competitors act together to control the market.

On the other hand, Section 3(4) deals with vertical agreements, which occur between enterprises operating at different levels of the supply chain, such as agreements between a manufacturer and distributor or retailer. The law treats these two types of agreements differently because their impact on competition in the market can vary. Horizontal agreements are usually considered more harmful because they involve cooperation between

[20] Competition Act, 2002, Preamble.

[21] Competition Act, 2002, s. 3(1).

competitors, while vertical agreements may sometimes have both positive and negative effects on market competition.

2. Horizontal Agreements

2.1 Meaning and Scope

Horizontal agreements are agreements between enterprises of the same level of production or distribution and are mainly competitors in the same market of products or services.[22]

These are price fixing, market sharing, limitation of output, and bid rigging.

Section 3(3) expressly identifies some types of horizontal restraints that are deemed to comprise AAEC without necessarily presenting specific evidence as to its adverse effects:

- price fixing,
- regulating or restricting supply or markets, production.
- collusive tendering or bid rigging, and
- market allocation.[23]

This assumption mirrors the essence of such restraints as detrimental in nature since they do not allow competition to exist.

2.2 Economic Reason: Why Do Strict Treatment?

Horizontal restraints like cartels are direct interference with the process of competition. When competitors collude:

- The prices are usually higher than the competitive prices.
- Output may be restricted.
- Consumers and smaller players have a less accessible market.
- Innovation slows down. [24]

Such effects warrant a per se method, in which some groupings of behavior are presumed to be anti-competitive, in line with the principles of international competition law.

2.3 The judicial interpretation and enforcement of the law

1. Excel Crop Care Ltd. v. Competition Commission of India (2017).

In this case the Supreme Court affirmed the CCI conclusion that bid rigging in agrochemical firms constituted cartel activity and was anti-competitive under Section 3(3).[25]

The Court stated that Horizontal agreements, including cartelization, price fixing, and bid rigging, are in themselves unhealthy to competition and are stringently dealt with under competition law.[26]

This ruling affirmed the per se assumption in cartel cases, which says that when it is revealed that an agreement falls within the ambit of Section 3(3), then it is presumed to have the effect of AAEC.

2. CCI v. Builders Association of India and Ors (Cement Cartel Case)

In one of the biggest cartel cases, the Competition Commission of India convicted several cement manufacturers in terms of coordinating prices, distributing markets, and limiting supply. [27]

The CCI levied heavy fines when it discovered that such behavior was constitutive of cartelization and was in good faith of Section 3(3).

The Commission observed that these horizontal agreements eliminate competitive pressures amongst competitors and distort market prices—which is enough to warrant strict liability and penalty without the need of extra demonstration of adverse effects[28].

2.4 Anti-Competitive effects of Horizontal Agreements

The significant anti-competitive consequences of horizontal restraint are

- Artificially Elevated Prices—Companies can enter into a pact to set up the selling prices.
- Eliminating Competition: Competitors do not differentiate or undercut.
- Market Sharing—Competitors divide markets or customers.

[22] Competition Act, 2002, s. 3(3)

[23] Competition Act, 2002, s. 3(3)

[24] Richard Whish and David Bailey, Competition Law, 10th ed., Oxford University Press, 2021.

[25] Excel Crop Care Ltd. v. Competition Commission of India, (2017) 8 SCC 47.

[26] Excel Crop Care Ltd. v. Competition Commission of India, (2017) 8 SCC 47.

[27] Cement Cartel Cases, Orders of the Competition Commission of India, 2017–2019.

[28] Cement Cartel Cases, Orders of the Competition Commission of India, 2017–2019.

- Limiting Production or Innovation—Collusion will prevent competitive developments in production.

As a result of such impacts, horizontal restraints are deemed illegal per se in the competition law of the world.

3. Vertical Agreements

3.1 Meaning and Nature

Vertical agreements involve business agreements between businesses at various points of the supply chain—e.g., manufacturer-distributor or producer-retailer.[29]

These are exclusive supply agreements, resale price maintenance (RPM), tie-ins, refusal to deal, and exclusive distribution.

These are not necessarily detrimental to competition and in some cases may facilitate inter-brand competition and economic efficiency as opposed to horizontal agreements.

3.2 legal treatment and Rule of reason

Vertical agreements are contained in section 3(4) of the Act. These are considered using the rule of reason methodology—i.e., assessed in terms of their real impact on competition.[30]

When applying this approach, the courts and regulators take into consideration factors presented in Section 19(3), including

- establishment of entry barriers,
- foreclosure of competition,
- impact on consumers,
- efficiencies and advantages of the contract.[31]

This contrasts with the per se approach in section 3(3), which will entail a more subtle and factual inquiry.

3.3 Case laws on vertical agreements

1. Fx Enterprise Solutions v Hyundai Motor India Ltd (CCI Order, 2017).

In Fx Enterprise Solutions v. Hyundai Motor India Ltd., the CCI considered the so-called anti-competitive conditions in the Hyundai distribution network, such as the so-called resale price maintenance and exclusive schemes.[32] The Commission carried out an intensive study of the market conditions, substitutability of products, entry barriers, and the impact of competition before it arrived at the conclusion that some of these behaviours could be detrimental to competition.

The case is an example of how factors under Section 19(3), a typical rule of reason analysis, are applied in the evaluation of vertical agreements.

3.3.2 Automobile Dealers Association vs. CCI (2018)

In this case, the CCI considered vertical dealership contract arrangements.[33]

Instead of directly believing that it was harmful, the Commission rated whether the clause-imposed obstacles to market access or placed smaller dealers at a disadvantage. This was a lesson that vertical agreements need to be contextual and economically evaluated rather than presumed to cause harm.

4. Appreciable Adverse Effect on Competition (AAEC)

Section 19(3) of the Act provides several factors that define AAEC. These aspects inform regulators and courts in determining whether an agreement is, in the real facts, detrimental to competition.[34]

Key Factors Include:

- extent of entry barriers,
- clearing competitors off the market,
- foreclosure of competition,
- efficiencies or benefits to consumers,
- production or distribution advancements.

These factors are present and used to decide on the anti-competitiveness of a vertical agreement.

5. Horizontal vs. Vertical Agreements Comparative Analysis

| Characteristics | Horizontal Agreements | Vertical Agreements |
|---|---|---|
| Parties | Competitors | Different supply chain levels |
| Presumption | Presumed AAEC | No presumption |

[29] Competition Act, 2002, s. 3(4).

[30] Competition Act, 2002, s. 3(4).

[31] Competition Act, 2002, s. 19(3)

[32] Fx Enterprise Solutions India Pvt. Ltd. v. Hyundai Motor India Ltd., Case No. 36 of 2014, Order dated 14 June 2017, Competition Commission of India.

[33] Automobile Dealers Association v. Competition Commission of India, CCI Case, 2018.

[34] Competition Act, 2002, s. 19(3).

| Standard | Per se illegality | Rule of Reason |
|---|---|---|
| Proof required | Only agreement shown | Detailed analysis |
| Enforcement | Strict | Context-dependent |

The various treatments are an indicator of the fact that horizontal restraints normally suppress competition by direct means, but vertical restraints can have both positive and negative economic impacts.

6. Enforcement and jurisprudence
Over the past decade, the CCI has changed its strategy
6.1 Cartel Enforcement
The CCI has been adamant about cartelization under the per se rule in various industries like cement, pharmaceuticals, and public procurement.[35]
The development of leniency programs has been another result of the enhancement of cartel detection.

6.2 Vertical Restraint Cases
The jurisprudence of vertical restraints is smaller, though still evolving. The critical evaluation of the CCI in vertical cases indicates that more and more they are based on the economic principles—yet the scholars have stated that greater clarity and consistency are still required.

## VII. FINDINGS

1. Competition Act well differentiates between horizontal and vertical arrangements.
Among the key discoveries of this paper is that Competition Act is explicit on the definition of horizontal and vertical agreements. Horizontal and vertical agreements are made between companies operating on the same level of the supply chain and separate distributors and manufacturers respectively. The difference between these two types of agreements in the law is explained by the fact that they do not influence the competition identically.

2. Horizontal contracts are regarded as very detrimental to competition.
This can be seen in the studies that demonstrate that horizontal agreements tend to be extremely detrimental to the market. Upon agreeing with each other on fixing prices, splitting markets, or production, competitors stop competing. This contributes to increased prices, reduced range of options and reduced quality to the consumers. Due to these adverse impacts, the legislation presumes that such contracts will hurt competition.

3. The SIPA of AAEC simplifies the enforcement of cartels.
According to Section 3(3) of Competition Act, some horizontal agreements are deemed to have an Appreciable Adverse Effect on Competition (AAEC). This implies that when such an agreement is established, the authority does not have to establish its damaging impacts individually. This regulation assists the CCI to be more decisive on cartels and anti-competitive behaviour.

4. Vertical contracts do not necessarily damage competition.
The vertical agreements are not always harmful as opposed to the horizontal agreements. In other instances, they can even assist the businesses to run more effectively. Indicatively, the distribution agreement can be used to assist the companies in distributing their products and also in marketing their products through exclusive distribution. Due to this reason, the vertical agreements are analyzed keenly before they can be determined to be anti-competitive or otherwise.

5. The rule of reason is applicable to evaluate vertical agreements.
The research concludes that the measurement of vertical agreements is done under a rule of reason approach where the real consequences of the agreement on the market is evaluated. The market power, barriers to entry, and impact on consumers are some of the factors that authorities take into consideration before determining that the agreement is damaging competition.

[35] Cement Cartel and other Cartel Cases, Orders of the Competition Commission of India

6. The CCI and courts have a significant role in the interpretation of the law.
The other significant observation is that CCI and court decisions have made a significant contribution to competition law in India. Cases have been decided that explain the way horizontal and vertical agreements are to be interpreted and applied. These rulings aid in developing rules to businesses and regulators.

7. Competition law has been enforced better over time.
The research also reveals that the CCI enforcement has been strengthened and organized over the years. The authority has enforced sanctions in the cartel cases and has resorted more to economic analysis in examining the effects of business contracts on competition.

8. Certain issues have not yet been resolved.
Irrespective of the developments that are going on, some challenges still persist. The economic analysis that is employed in studying the vertical agreements in certain instances is not so detailed. Businesses also have few ideas of what type of agreements can be against the competition law. These concerns imply that additional instructions and clarity can be required.

## VIII. RECOMMENDATIONS

1. Better guidelines on Vertical Agreements
Competition Commission of India (CCI) ought to give specific and vivid recommendations on vertical agreement i.e. resale price maintenance, exclusive distribution, and tie-in agreements. A lot of companies are not well informed of what practices can be regarded as anti-competitive. Clear guidelines would assist the companies in knowing the law better and prevent any violation of the law.

2. Better Economic Analysis of Competition Cases.
In the vertical agreement analysis, the authorities ought to carry out greater economic study of the market conditions, its effects on consumers, and its effects on competition. This will assist in making sure that the decisions made are grounded on realities on the market as opposed to being mere to the text of agreements.

3. Higher Awareness among the Businesses.
Most of the businesses particularly the small and medium enterprises lack sufficient information regarding the competition law. The CCI ought to carry out awareness programs, training and workshops on anti-competitive agreements and legal compliance to the companies.

4. Enhancing Cartel Detection Systems.
Cartels can be used covertly; thereby making them hard to detect. The CCI and the government need to intensify on leniency programmes and whistleblower systems to induce the companies or individuals who are in the cartels to disclose such practices.

5. Sector-Specific Competition Guidelines.
The industries can have varied competition challenges. Hence, the CCI ought to look into coming up with industry specific competition policies within the automobiles, pharmaceutical and digital market sectors. This would enhance effectiveness and predictability of enforcement.

6. Enhancing the Transparency in CCI Decision.
The CCI rulings are supposed to comprise articulate economic reasoning besides legal examination. Increased openness will assist the business in coming to terms with the application of the law and also enhance uniformity in future cases.

7. Promoting Compliance Programs within Organisations.
It should be promoted that the companies implement internal competition law compliance programs. Such programs may assist the employees to know what type of agreements or business practices could be against the competitiveness law and avoid illegal actions.

8. Constant Competition Law Review.
With the development of markets, in particular, the expansion of digital platforms and online trading, competition law must also evolve. The legal framework should be revised and updated by the government periodically to respond to the emerging challenges in the market.