Oligopoly in india

Indian Airlines: With nationalization of Air Transport in 1953 via Air Corporation Act, 1953, National Flag carriers: Indian and Air India were born. Indian was born from merger of 8 domestic carriers. It caters mainly to domestic routes and in some neighboring nations. It has a subsidiary 'Alliance Air'. The two national carriers have enjoyed sole monopoly in the air transport segment over a long period of time as private carriers ere barred from entering the segment under the Air Corporation Act, 1953.

The private players like Jet, Sahara and others were made to enter the segment only after the New Economic Policy, 1991 came into being. Yet another, turning point has come in the history of the Indian Aviation Sector when Air India was granted permission from the Government of India to merge with Indian Airlines, the two flag carriers of India. This Mega Merger marked the first marriage in the Indian skies which was followed by two more marriages. The name of the new airline remained Air India, since it is known worldwide.

They have been in the works of completing the merger since January 2007, after permission. Jet Airways: In May 1974, Nearest Goal founded Astaire (Private) Limited with the objective of providing Sales and Marketing representation to foreign airlines in India. In 1991, as part of the ongoing diversification programmer of his business activities, Nearest Goal took advantage of the opening of the Indian economy and the enunciation of the Open Skies Policy by the Government of India, to set up Jet Airways (India) Private Limited, for the operation of scheduled air services on domestic sectors in India.

Jet Airways is the only airline that stood the crunch of late sass's. Jet started its International Operations in 2004 and carries more than 7 million passengers per annum. Recently, the company made news when Nearest Geol. led Jet Airways took 100 % stake in their arch old rival Air Sahara in May, 2007. This earmarked the second marriage of the season in the Indian Skies after the All deal. 'V. Air Sahara: Like Jet, Sahara too began its operations in 1993 after the domestic Air Market was opened by the government in sass's.

Air Sahara Limited is a leading private airline in India, owned by the diversified Sahara India Pariah group. After Jet, it was only airline that could stand 11 the torrential winds of late sass's. After series of controversies Air Sahara has been taken over by Jet Airways in May, 2007. The airline is now renamed as " Jet Elite". Jet has intentions of converting Air Sahara in sync with LLC model to reach every segment of air travelers. Air Decca: Indian's first budget carrier and now the largest flew its first carrier in 2003.

Headed by Captain Chopping, Air Decca truly redefined the accessibility to the Indian Skies. It injected competitive spirits into the system and gave common man wings by reducing airfares which matched the first Class Railway Fares. The third wedding in skies was marked when DRP Visa Malay of Kingfisher Airlines picked up 26 % stake in Air Decca. VI. Kingfisher: The Airline began its operation in May, 2005 . It's the by far the most ostentatious airline in India, giving tough competition to Jet Airways in in-flight services.

It is a major Indian luxury airline operating an extensive network to 34 destinations, with plans for regional and long-haul international services. Kingfisher Airlines, through nee of its holding company PUB holdings Ltd has acquired 26% stake in the budget airline Air Decca and has offered to buy further of 20% stake from the secondary market. Goat: Gorier is an Indian low-cost airline based in Iambi, Maharajah's. It operates domestic passenger services to 18 cities with 131 daily flights and approximately 917 weekly flights.

Established in June 2004, the airline started its operations in October 2005 with a fleet of 20 leased Airbus AWAY aircraft. In July 2006, Gorier placed an order for 10 aircraft to Airbus. Further, in mid-January 2007 the airline announced that it Lana to see a major minority ownership position for its expansion. On January 24, 2007, Gorier and Florida based airline reservation system provider Radix International Jointly announced that the latter had taken over all reservations and passenger management functions. VIII.

Indigo: The airline made heads turn when it placed the ambitious order of 100 aircrafts with airbus. IndiGo Airlines commenced its operations in 2006 and went on to quickly establish itself as one of the premier budget airlines in the country. IndiGo Airways soon added IndiGo flights 12 and destinations to its network. The impeccable services and timely performances of IndiGo flights added to the popularity of the airline. IndiGo Airline won the award for the 'Best Domestic Low Cost Carrier' in 2008. The IndiGo Airline fleet of 20 contemporary aircraft offers travelers a network of 17 destinations in the country. X. Spiciest: Spiciest, a reincarnation of Modified marked its entry in service by offering fares priced at RSI. 99 fares for the first 99 days since its inception in 2005. It began service in May 2005 and by 2008, it was Indian's second-largest low-cost airline in terms of market share. The carrier is giving tough competition to Railways. This airline is known to have had made the least number of mistakes. Throughout history, and even today, the importance of competition within a market has been recognized.

It is the key element of a market economy. In common parlance, competition in the market means sellers striving independently for buyer's patronage to maximize profit or other business objectives. A buyer prefers to buy a product at a price that maximizes his profits whereas seller prefers to sell the product at a price hat maximizes his profit. Competition makes an enterprise more efficient and offers wider choice to consumers at lower price. Fair competition is beneficial for the Consumers, Producers / Sellers and finally for the whole society since it induces economic growth.

In order to realize this objective to competition in the economy, the Competition Act, 2002 was passed which replaced MRS. Act, 1969. The objective of Competition Act is to prevent anti-competitive practices, promote and sustain competition, protect the interest of the consumers and ensure freedom of trade. The objectives of this Act are to be achieved through the instrumentality of the Competition Commission of India (CLC) which has been established by the Central Government w. E. F 14th October, 2003. The objectives of the Competition Act, 2002 are as follows: I.

Prohibition of anti-competitive agreements; it. Prohibition of abuse of dominant position; iii. Regulation of combinations; 'v. Competition Advocacy; Competition Act, 2002 shall prohibit anti-competitive agreements and abuse of dominance and regulate combinations (mergers amalgamations or acquisition) through a process of inquiry. It shall give opinion on competition issues on reference received and is also mandated to undertake competition advocacy, create awareness and impart training on competition issues.

This Act has been devised keeping in view the economic development of the country by preventing practices which have appreciable adverse effect on competition. The general view is that competition is healthy for all the market as it guarantees maximum benefits being trickled to the consumer groups. However, this doesn't hold rue for industries where there is room for economies of scale and scope. Undoubtedly, airline is one such industry where there exist economies of scale.

There needs to be a minimum efficient scale of operation to be sustained for breaking even. That's probably the reason for the oligopolies structure of this industry. Competition Act, 2002 prohibits associations or enterprises to enter into an agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India. The central theme of the competition act, 2002 is to prohibit: I.

Anti-competitive agreements it. Abuse of dominance iii. Regulation of M&A Now, we shall be analyzing the Competition related issues with the above-mentioned themes in the background. The Indian aviation sector has its own competition related issues that needs to be address. Some needs to be addressed by the ministry where as some must be evaluated by the competition authorities. The Indian aviation sector in a nutshell is plagued with the following issues: 1. Regulatory Barriers Regulatory barriers are one of the stumbling block that may discourage new