Jus Corpus Law Journal

Open Access Law Journal – Copyright © 2023 – ISSN 2582-7820

Editor-in-Chief – Prof. (Dr.) Rhishikesh Dave; Publisher – Ayush Pandey

Cartels and Monopolies – Good or Bad?

Jayati Khatter[a]

[a]Manav Rachna University, Haryana, India

Received 25 November 2023; *Accepted* 23 December 2023; *Published* 26 December 2023

Cartels and monopolies, still very prevalent in and around the world are two aspects that in recent times have been included under competition law. This paper deals with the idea of whether cartels and monopolies are good or bad, in nature. While discussing them, the author has touched upon basic definitions, how they come into being, the distinctive features of the markets in which they operate and run their business, their advantages and disadvantages, and the world's biggest examples of the same. Moreover, a brief comparative analysis has also been provided post the details of cartels and monopolies to understand them quickly and efficiently. To wrap it up, the essence of the whole paper has also been included at the end, wherein the role the modern competition law has played, in India, is also mentioned, coupled with a few notable instances wherein CCI sets a precedent that it abhors such practices which violates its mission of promoting fair competition for greater good.

Keywords: *competition, cartel, agreements, monopolies, India, consumer.*

INTRODUCTION

'Competition is not a weed that grows even if left alone; rather it is a cultural plant and needs continuous government attention.'[1] Competition could be elucidated as the existence of

[1] 'Model law on competition: UNCTAD Series on Issues in Competition Law and Policy' (United Nations Conference on Trade and Development, 2004)

economic rivalry between two entities merely because they both want to outdrive each other. Competition is indispensable to a market-based economy, for it leads to, higher efficiencies, productivity, and allocative, both. Additionally, it also aids in enhancing dynamic efficiency by propelling innovation, thereby stimulating the development of new products and technological growth. It drives companies to be more efficient so they can better strive and grow in a competitive environment. Furthermore, it abhors unjustified barriers to entry and seeks to impart equal opportunity for all to compete and grow. In essence, competition benefits the consumers by increasing the choice of products and services at a process affordable to all classes of people.[2]

CARTELS

The OECD i.e. Organization of Economic Cooperation and Development believes that cartels are organizations formed to manage or manipulate the prices of goods or services, restrict the required output, bid rigging, along with market allocation[3] or the submission of collusive tenders, and aim at identifying and prosecuting them.[4]

The Competition Act 2002 in its Section 2(c)[5], interprets 'cartel' as an association of producers, sellers, distributors, traders, or service providers who, by agreement amongst themselves, limit, control, or attempt to control the production, distribution, sale or price of, or, trade in goods or provision of services. It is often referred to as a horizontal agreement, which is usually entered into to fix prices, allocate customers or territories, and restrict output or big rids. As stated above, a cartel is a horizontal agreement, we now need to understand what it is and why is it precisely called so, for which we will first delve into the meaning of the agreement.

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[2] Vinod Dhall, *Competition law today: concepts, issues, and the law in practice* (OUP 2019)

[3] Madhuri Thakur, 'What is Cartel?' (*EDUCBA Blogs*, 06 July 2023) <https://www.educba.com/cartel/> accessed 26 December 2023

[4] James Chem, 'What Is a Cartel? Definition, Examples, and Legality' (*Investopedia*, 19 May 2023) <https://www.investopedia.com/terms/c/cartel.asp> accessed 19 November 2023

[5] Competition Act 2002, s 2(c)

The Act enlists several definitions in its Section 2[6], which is primarily its definition clause, expounds agreement in (b) as, any arrangement or understanding or action in concert, which is either formal or in writing, or is intended to be enforceable by way of legal proceedings.

Similarly, the Act deals with horizontal agreements in its Section 3(3)[7] and construes it as any agreement entered into between enterprises or associations of enterprises or persons or associations of persons or between any person and enterprise or practice carried on, or decision taken by, any association of enterprises or association of persons, including cartels, engaged in identical or similar trade of goods or provision of services.

Such agreements aim at:

(a) directly or indirectly determining purchase or sale prices;

(b) limiting or controlling production, supply, markets, technical development, investment, or provision of services;

(c) sharing the market or source of production or provision of services by way of allocation of the geographical area of the market, or type of goods or services, or number of customers in the market or any other similar way;

(d) directly or indirectly resulting in bid rigging or collusive bidding.

These are presumed to have an appreciable adverse effect on competition.[8]

However, it must be noted that nothing contained in this sub-section shall apply to any agreement entered into by way of joint ventures if such agreement increases efficiency in the production, supply, distribution, storage, acquisition, or control of goods or provision of services.

Thus, how horizontal agreement got its nomenclature, is vividly clear, now.

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[6] Competition Act 2002, s 2
[7] Competition Act 2002, s 3
[8] Competition Act 2002

After understanding the basic terminologies, it would suffice to say that a cartel is contemplated as the most pernicious form of infringement of competition law since it indisputably deteriorates competition and causes loss to the economy and the consumers therein. Like a certain type of agreement, they also attract the 'per se' rule. Moreover, it is significant to note that it is not only the case in India but also, in jurisdictions like the US and the European Union.

Cartels form part of Anti-competitive agreements, which are introduced in Section 3[9] of the Act, sub-section 1, touches upon the meaning of such agreements and is denoted as any agreement in respect of production, supply, distribution, storage, acquisition, or control of goods or provision of services, entered into enterprise or association of enterprises or person or association of persons which causes or is likely to cause an appreciable adverse effect on competition within India. No enterprise or association of enterprises or person or association of persons should enter into such agreement, however, if the provisions are still contravened, such agreements shall be void.

Cartels are most often prevalent in a market form called oligopoly. Under this mechanism, there are limited firms, which gives rise to mutual independence existing amongst firms. The actions of one firm have tremendous implications for the other firms' sales.[10] Not to mention, a cartel has less command over an industry than a monopoly, where a sole group or company owns either all or most of the given product's share or service's market share.[11]

Cartels are majorly formed by the companies who hold market power, which makes them counterattack when any sort of detrimental tactics are being opted for by their competitors. It is a kind of collaborative agreement formally agreed upon by all the members partaking wherein they all decide to make decisions collectively and steer the prices in the market. They hold a

[9] Competition Act 2002, s 3

[10] 'Cartel- features and Disadvantages' (*Law Keeda*) <https://lawkeeda.com/cartel-features-disadvantages/#:~:text=Due%20to%20lack%20of%20competition,which%20further%20impacts%20the%20consumers%20> accessed 19 November 2023

[11] Chem (n 4)

monopoly power over the quality, quantity, and price of the products in the market and draft such policies which aim at avoiding losses and maximizing profit[12].

Cartels are found to hurt consumers on a large scale because their presence leads to higher prices and restricted supply. The OECD is an organization whose main task is to identify and prosecute cartels when there is sufficient evidence of price-fixing, output restrictions, market allocation, bid-rigging, or the submission of collusive tenders (happens when enterprises coordinate their bids on procurement or project contracts for the acquisition of goods and services).[13]

ADVANTAGES OF CARTELS

It is the leadership of the nation that ultimately decides a cartel's power. The jurisdiction in which a cartel operates, plays a crucial role, for it acts like a premonition, and foretells whether there would be challenges regarding the pricing and production or not. Whilst the members of a cartel earn fat cheques, it's the consumers out of whose pockets, those cheques come.[14]

Firms decide on creating cartels because it provides them substantial advantages in the market, they operate in, through this arrangement/ agreement, they are in a position to help the member firms, by way of driving up prices by significantly lowering the quantum of output of produce. Consequently, there is a rise in the selling price of goods, which increases the profit margin.[15] Below are some of the major advantages that a cartel enjoys:

Profit Maximisation: Units forming part of the cartel are bestowed with monopoly-style authority, since, there is little to no scope for competition in such a scenario. Products are sold at high prices to maximize profit. Furthermore, different prices could be charged in different markets based on the monopoly degree.

[12] *Ibid*
[13] *Ibid*
[14] *Ibid*
[15] 'Cartels' (*Study Smarter*) <https://www.studysmarter.co.uk/explanations/microeconomics/imperfect-competition/cartels/> accessed 19 November 2023

The underlying objective of profit maximization is achieved by imposing higher charges than the cost of production and distribution, members are guaranteed an increased profit margin on their products.

No Cost of Advertising: Less marketing cost is involved because goods are advertised on a common platform, competitive advertising is looked down upon. Additionally, advertising space and media being bought in bulk, further aids in less cost of advertising.[16]

Unaffected from Business Environment: Unaffected responses to the business cycle by partaking members are another advantage of cartels.[17] Because businesses are united, they can withstand the harsh implications of business cycles. In addition, they can regulate the output by maneuvering the prices that help them in their quest for prolonged survival.

Control on Production: Imposition of supply barriers leads to readily controlled production.[18] This is due to the responsibility of marketing the products undertaken by the cartel. It makes the manufacturer feel free to focus on production and work to achieve efficiency and cost reduction.[19]

Economies of Scale: Now that it is established that it is the cartel that bears the costs of advertisement, sales promotion, handling, packaging, and transportation of a large volume of output, it would be complementary to say that it is also able to negotiate lower costs and save on its expenses incurred, furthering its economies of scale.[20]

DISADVANTAGES OF CARTELS

It is implied, that like anything cartel has its disadvantages as well. Cartels rouse price manipulation, incompetent production methods, and paucity of competition, all of which result in the formation of an inefficient market. The members of cartels are subjected to barriers in

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[16] Thakur (n 3)
[17] *Ibid*
[18] *Ibid*
[19] *Ibid*
[20] *Ibid*

certain domains, which makes them incompetent to indulge in mass production, even if it goes against their wishes.[21] Following are mentioned the demerits of cartels:

Impacts Consumers: Cartel leads to the creation of monopoly which adversely affects the interest of consumers. These cartels then employ measures such as output restrictions, creation of artificial scarcity, production of low-quality products and then selling them at high cost, and lastly, lack of drive for innovation. Cartels are detrimental to the disposable income of consumers, as well. It is because utterly significant information such as hiding the prices, which could have ramifications in the near future, is withheld, which does not lie in the consumer's interest.[22] Moreover, there are agreements made for limiting the output, which further affects the end user.

Inferior Quality: Cartels cause market inefficiencies that affect the quality of final products.[23]

Unstable Agreements: This leads to instability among members due to pre-negotiation of prices, and raising the prices together to earn a larger share of profit. Owing to the lack of competition, the elasticity of demand for any single cartel member reduces by a great proportion.

This is further supported by the naked truth of cartels being voluntary associations and not having total and complete control over their members. Members are not subjected to any kind of exit barriers, which makes them free to exit a cartel anytime they feel, the interests of the cartel and theirs' do not align with each other which makes the cartel's foundation weak and unstable.[24]

Stunted Growth: No further incentivization is possible, due to the already efficient state of the market and lack of any incentive for further efficiency. Considering, that cost along with pricing is fundamentally guaranteed, member units are not under the fear of losses, thus, making the firms lack incentive to improve efficiency and reduce costs.[25]

[21] Cartels (n 15)
[22] *Ibid*
[23] Thakur (n 3)
[24] *Ibid*
[25] *Ibid*

Uncertain Market Conditions: The lucrative attribute of cartels, especially the high profits earned by cartels' members during boom periods, is found to be a motivating factor by many businesses, resulting in a lot of new business entities and arranging themselves into a cartel, increases by a great number. Yet, during periods of recession and depression, the excess quantity created leads to the bulk of unsold stock and members' units sinking at the same time like the people in a sinking ship. On top of that, consumer preferences, and economies of scale are a major threat to cartels, which are beyond the control of anyone. Moreover, cartels have time and again proved to be highly ineffective in managing to prevent fluctuations in demand. They seem to be unable to stabilize demand to a great extent.

No Competition: Members of a cartel, together, agree upon breaking up a market into regions or territories and not encroach on other's territories leading to no competition in the market.[26]

EXAMPLES OF CARTELS

The *Organization of Petroleum Exporting Countries (OPEC*) is one of the biggest examples known to date when it comes to (legal) cartels. It consists of 13 oil-producing countries whose mission is to coordinate and consolidate the worldwide policies of the product in which they deal i.e., petroleum, of the constituent member countries, thereby, ensuring the stabilization of oil markets and holds approximately 80% of the total petroleum supply in the entire world.[27][28]

It was in the year 1960 when it all began and Iran, Kuwait, Iraq, Venezuela, and Saudi Arabia formed it. Much later, the agreement that is fundamentally between various Middle Easters and other countries[29], was joined by other countries from all around the world.[30]

Furthermore, despite the mid-2000s controversy to penalize OPEC as an illegal cartel, an attempt made by U.S. Congress turned out to be futile, since U.S. foreign trade laws protect it and declare its activities to be legal. Members of OPEC have played a major role in maintaining it not as a

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[26] *Ibid*
[27] Cartels (n 15)
[28] Chen (n 4)
[29] Cartels (n 15)
[30] Thakur (n 3)

cartel but as an international organization with a legal, permanent, and significant mission. Nonetheless, people still seem to consider it a cartel.[31]

In India, there have been a few crimes involving cartels as well. *The zinc dry cell battery cartel case* is one example. It was on 25th May 2016, when Panasonic Energy India Co Ltd.- a subsidiary of Panasonic Corporation, Japan- filed a leniency application with the Competition Commission of India which revealed the presence of a cartel among all the major manufacturers of zinc dry cell batteries running in the Indian market. The entities involved in the same were Panasonic India, Eveready Industries India Ltd., and Indo National Limited (Nippo). It was alleged that all these entities fixed and increased the prices of batteries. Upon due investigation, the Competition Commission found the manufacturers to be indeed guilty of running a cartel.[32]

Apart from the above-mentioned cartels, drug trafficking arrangements entered into between mafia leaders of South America, are often regarded as *'drug cartels'*. These organizations technically do meet the criteria for an organization to be considered a cartel. These are loosely associated groups that among themselves, set rules for controlling the prices and supply of a good which are illegal drugs. The best-known example of a drug cartel is the Medellin Cartel, whose chief in the 1980s was Pablo Escobar until he died in 1993. It was believed by many that, the cartel trafficked copious amounts of cocaine into the United States and was notorious for its violent ways.[33]

MONOPOLIES

The word monopoly has culminated from two Greek words, 'monos' and 'polein' meaning, single and to sell, respectively. It was first depicted in The Landlord's Game, an invention of Elizabeth Magie Phillips in the year 1904.

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[31] Chen (n 4)

[32] Subodh Prasad Deo et al., 'Cartels in India' (*Lexology*, 2 April 2019) <https://www.lexology.com/library/detail.aspx?g=3a5a4a8a-ce0d-42c4-9b88-d1e317aa5841> accessed 19 November 2023

[33] Chen (n 4)

Koutsoyiannis propounded monopoly as a market situation in which there is only a single seller, for which no close substitutes exist but what does exist are barriers to entry. It is the polar opposite of perfect competition. A monopoly signifies an exclusive possession of a market by a supplier of a unique product or a service for which there is no alternative. In this state of affairs, the ability to determine the price of the product lies with the supplier. This is also plausible due to no intervention on the government's part, which ensures the setting up of such high prices that are going to yield the largest possible profit.[34] There is no competition from other sources or through substitute goods. It is presumed, that a monopolist tends to lean towards such prices that will help him earn the greatest of profits.[35] Moreover, that single seller or producer in an industry or sector assumes a dominant position.

In the aforementioned market, factors like government license, ownership of resources, copyright and patent, and high starting cost, together enable an entity to act like a monopoly or seem to encourage the enterprise as one. All these factors put restrictions on the entry of other sellers into the market. They seem to have information about certain aspects that are unknown to most sellers in the same market. Traits like these make the seller play the role of price maker along with the market controller. Therefore, free-market economies discourage monopolies due to them stifling competition and limiting substitutes for consumers. Indulgence in practices like dictating price changes and creating barriers for competitors to enter the marketplace casts monopolies in a bad light.[36]

Companies usually acquire the status of monopolies by manipulating the whole supply chain, from production to sales through vertical integration, or by buying companies' competitors in the market through horizontal integration, becoming the sole producer.[37]

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[34] George J. Stigler, 'Monopoly'(*Library of Economics and Liberty)* <https://www.econlib.org/library/Enc1/Monopoly.html#:~:text=When%20the%20monopolist%20raises%20prices,following%20is%20a%20simplified%20example> accessed 19 November 2023

[35] Joe S Bain, 'Monopoly and Competition' *(Britannica*, 16 December 2023) <https://www.britannica.com/money/topic/monopoly-economics> accessed 19 November 2023

[36] Adam Hayes, 'What Is a Monopoly? Types, Regulations, and Impact on Markets' (*Investopedia*, 02 August 2022) <https://www.investopedia.com/terms/m/monopoly.asp> accessed 19 November 2023

[37] *Ibid*

ADVANTAGES OF MONOPOLIES

Some of the major pros of being a monopoly are lined out below:

Limited Competition:[38] Paucity of competition due to high barriers to entry is associated with monopolies, which leads to better focus on improving the product's quality and less on outselling others by the monopolists. These barriers are the result of regulations that exist, and thus, restrict the entry of new firms into a monopoly market. Such policies in place assure the monopolists that they shall not face any competition and continue to enjoy control over the market.

More Sales and Higher Income:[39] A seller who is dominant in a market, needless to say, witnesses higher sales. This is primarily due to charging higher prices for products or services that have a higher demand, and supplier-to-customer ratio, leading to increased income. Therefore, it could be said that revenue maximization is the sole motive with which a monopoly is usually run.

Exclusive Products: Consumers get access to exclusive and exceptional[40] products or sometimes, even product lines, which turns them valuable in consumers' eyes, thereby increasing brand awareness.

Price Stability: Despite high prices, monopolized markets experience stable prices, all thanks to a lack of competition.

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[38] 'What Is a Monopoly in Business? (Plus Definition and Examples)' (*Indeed*, 08 August 2022) <https://www.indeed.com/career-advice/career-development/monopoly-business> accessed 19 November 2023

[39] *Ibid*

[40] Jason Gordon, 'Monopoly (Economics) - Explained' (*The Business Professor*, 27 March 2023) <https://thebusinessprofessor.com/en_US/economic-analysis-monetary-policy/monopoly-definition> accessed 19 November 2023

More Financial Resources: Owing to the absence of competition, companies are in a position to reallocate financial resources saved from the expenses of marketing to development, production, and recruiting talented personnel.

Investor Interest: A company is likely to attract more potential investors if a monopoly ends up getting a patent for its business. These are common phenomena in unnatural monopolies and are tremendously profitable for companies.

DISADVANTAGES OF MONOPOLIES

The major cons of being in a monopoly are mentioned as follows:

Higher Prices: To meet the demand for their exclusive products or services, monopolists raise the prices of the demand as a result of which the number of consumers who can afford them falls. This situation can be best met through selling the products at lower prices, so that different classes of consumers can find them affordable, and new buyers find them lucrative as well, thereby establishing a profitable monopoly.

Power Consolidation: A business gains all sorts of power that it can acquire, namely, political, economic, and social power by way of monopolizing. To protect the interests of consumers, several jurisdictions have antitrust laws in place that help regulate and restrict the concentration of power that these enterprises can gain through mergers or patents.

Fewer Choices: The non-existence of substitutes leads to limited choices for goods and services, repercussions of which are borne by consumers. These circumstances make them inefficient in maintaining an optimal quality of life. Consequently, companies may earn decreasing profits, if consumers are no longer able to purchase their products and seek alternatives by resorting to international e-commerce.

Price Discrimination: It is the most common practice followed by monopolies, which they exercise by applying discriminatory pricing policies for the same product. In addition, these are also applicable to quantities. Sellers enjoy the liberty to alternate prices as well as quantities of their products or services, which they deal in at any given time. For instance, if the demand for a product suddenly increases, it will be followed by the revision of prices for the same product. However, it must be noted, that in such cases, the only thing that ultimately decides price discrimination is either the consumer or the demographic area.

Inferior Product Quality: It is often witnessed, that once a company gets a monopoly on a certain product, it allocates fewer funds to quality control since the sale of their product is now assured. The beneficial way to overcome worst-case scenarios, like the end of a monopoly, is to maintain customer loyalty by conducting in-depth quality assurance checks.

High Barriers to Entry: While paucity of competition is enjoyed by all the monopolists in their respective industries, it on the other hand, poses a problem for all the entrants who want to get into the same kind of business over which monopoly already exists makes it almost impossible to dip their toes into the same water, because of the regulations and barriers in place, restricting their entry. [41]

EXAMPLES OF MONOPOLIES

Monopolies have been present throughout history, though some have been into more limelight than others, but that doesn't mean they are any less of a monopoly. In this paper, mentioned are some of the renowned monopolies of the world that achieved both fame and infamy concurrently.

Salt Commission is one of the oldest organizations that tops the list of monopolies, dating back to approximately 1200 years in China. It was an organization created by the State and held a monopoly over the country's salt trade. The motive of the organization was to collect tax from the salt trade. Finally, in 2014, the government took a wise decision and declared the demise of this monopoly.[42]

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[41] 'Monopoly vs Monopolistic Competition' (*WallStreetMojo*) <https://www.wallstreetmojo.com/monopoly-vs-monopolistic-competition/> accessed 19 November 2023

[42] Ty Haqqi, '12 Most Famous Monopolies of All Time' (*Yahoo Finance*) <https://finance.yahoo.com/news/12-most-famous-monopolies-time-175731701.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAEBg94V5zvixeaxi7J8dlpKQYqjY6mOb6JRw2Xq6VNdGZuY_1A0AI4VzONZNpX868cCrDLu13X7zRh9hFzR-

De Beers Group is perhaps the most prominent monopoly, dealing as a mining, production, retail, trading, and exploration company in the world, with mines spread in South Africa, Namibia, Botswana, Canada, and Australia. For over a hundred years, the Company monopolized the diamond industry and emerged as one of the most controversial companies among the world's largest monopolies of all time, which is saying something. It is 135 years old and has operations in over 35 countries.[43] It was the market and regulatory factors that helped diminish its market share from about 85% in the late 1980s to 23% in 2020.[44]

De Beers was also found to plead guilty to conspiring and fixing industrial diamond prices in the infamous case of 2004, where the parties were the U.S. Department of Justice and De Beers. The court penalized De Beers with $10 million.[45]

Another example of more modern times would be the *American Telephone and Telegraph Company (AT&T)*. This company too, was subjected to a lot of lawsuits, going back to the 19th century, AT&T was so deeply rooted, that it could not find any route to escape. The U.S. Department of Justice, in 1974, brought suits against the telecommunications leading player, alleging that it had violated the antitrust laws. It was, in essence, accused of monopolizing the American telecommunications industry, which impeded fair competition.[46]

AT&T finally settled to agree with the government in 1982 and was required to divest 23 of its local telephone companies and 67% of its assets. The company, then split up into seven regional companies, now known as Baby Bells, in return, it was permitted to enter into the computer business.[47]

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[43] *Ibid*

[44] 'What are the most famous monopolies?' (*Investopedia,* 31 August 2023) <https://www.investopedia.com/ask/answers/032315/what-are-most-famous-monopolies.asp> accessed 19 November 2023

[45] Haqqi (n 43)

[46] *Ibid*

[47] *Ibid*

Luxottica (ESLOF), the world's most eminent glasses (eyewear) manufacturer, came into being in 1961 in Italy's small village and owns nearly about every major eyewear brand that one might have possibly heard of, including Ray-Ban, Vogue, Killer Loop, T3, Giorgio Armani, Oakley, Sears, etc, and has been time and again accused of setting up monopolistic pricing of its premium brands.[48] Moreover, the company also controls the leading vision care providers in the United States, such as Eye Med and Vision Care.[49] Though Luxxotica has bought almost all the major eye brands, it still has not renamed them as its own, which has formed an illusion in the consumer's mind about a lot of variety available to pick from, while one company manufactures them all. Directly or indirectly, this company produces around 80% of the eyewear worldwide.

Dutch East India Company, a charter company, was born in the 17th century with the purpose of trading with India and controlling the Dutch spice trade which was immensely lucrative. This company is infamous for abusing its power to gain more money and influence, along with practices like slavery and colonialism coupled with violence to promote its growth.[50]

Google is also considered one of the biggest examples of monopoly since it has a significant (70%) market share in the internet industry whilst it's not the case when it comes to Microsoft and Yahoo which makes it a superior player in the industry. Advertising happens to be the key source of revenue for Google and as of present times, it is rumoured to be holding a striking portion of the global advertising revenue, which is estimated to be around $224.47 billion. Google's reliance on its well-equipped business models, which are far superior to other business models ever used in the industry, provides Google with an edge over smaller advertisers, which do not have the same level of resources.

Therefore, the aforementioned facts quite distinctly prove that Google has rightfully acquired the status of one of the giant monopolies across the global market, with a remarkable presence in other domains as well.[51]

[48] *Ibid*
[49] Thakur (n 3)
[50] Haqqi (n 43)
[51] *Ibid*

Microsoft has established itself as a distinct monopoly in the computer manufacturing and technology industry since 1999. Microsoft holds over 75% market share in the tech industry. [52]As per the reports of Q4 2022, Microsoft has recorded a $51.9 billion revenue, proving its dominance in the market. With its cloud-computing platform Microsoft Azure, and Microsoft Azure, Microsoft has been able to maintain its presence and dominance in the market.[53]

Facebook had approximately 2958 million users (reported January 2023), which furthered the fact that Facebook has dominated the social media market as its leader. It is to be noted that it has become a monopoly because of a lack of competition, strong pricing power, and a dominant user base across the world. That the famous acquisition of Instagram and WhatsApp, rising competitors in the social media segment, by Facebook in 2009 and 2014, respectively, solidified Facebook's status of being a monopoly.[54]

Indian railways i.e., IRCTC, too enjoy a government-controlled monopoly. It is the sole seller in the Indian market and the world's fourth-largest railway network. It manages to dominate the railway industry from ticketing to catering facilities across the spread of 64,000 route kilometers. There exists no substitute for government-owned railways. The monopoly is in place because if private companies want to enter into the business of railways, they will have to get permission from the government.

COMPARATIVE ANALYSIS

Upon discussing both cartels and monopolies, in extreme detail, it is vividly clear that the two arrangements share some of the major traits, while also differing in some manner. It must not be ignored, that cartels in some twisted way have been bestowed with monopoly-style authority.

Cartels and monopolies, in one way or the other, are the price makers or setters. They have enough power to ensure, that no other entrant can enter their territory, because of the imposition of conditions of such nature that makes it difficult for the willing and potential entrants.

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[52] *Ibid*
[53] *Ibid*
[54] *Ibid*

Cartels and monopolies both enjoy paucity of competition, again thanks to high barriers for entry. Owing to lack of competition, consumers are not able to get a variety of choices to choose from, therefore, making the consumers 'settle'. Furthermore, the absence of competition leads to stunted growth of the market, making it inefficient.

Since, both are price setters, in their respective mechanisms, both ensure that profit maximization is the motive, which ultimately comes out of the consumer's pocket, thereby, affecting, the disposable income of the consumers and the quality of their life.

Being dominant in the industries in which they operate, there is no need felt for advertising the product or service they deal in, primarily due to the pre-established name for themselves, and thus, can reallocate the funds set aside for advertising to further research and development.

Economies of scale and consumer preferences are two major threats to all the cartels and monopolies existing in the world. This is because consumers ultimately decide the demand for a product and the raw material required for production. If either of them is missing, the survival of cartels and monopolies becomes threatened.

- Cartels are a group of entities indulged in the same kind of activity, in a monopoly, there is only one seller, number of consumers stays the way it is.
- While cartels do not have a particular line of products over which they exercise their control, monopolies are usually seen in cases of products to which not everyone can get access.
- Cartels agree to set the price agreed upon; there are high chances that a monopolist will charge discriminatory prices either by way of favoritism or some other manner.

CONCLUSION

Cartels and monopolies, both prevalent in markets, are phenomena that one can no longer deny the existence of. Cartels and monopolies, though they exist in different kinds of markets, oligopoly, and monopoly, respectfully, as the name rightfully suggests, are quite similar and yet a bit different from each other. Upon the brief comparative analysis, it is very clear how they're built, operate and at large affect the consumers only. To regulate cartels and monopolies, special acts have been enacted, namely competition law or antitrust laws. The principal motive of competition law is to maintain and promote the competitive process, since competition is believed to promote efficiency including dynamic efficiency, work for customer welfare, and lastly, it contributes to the progress of an economy as a whole.

In India, the Competition Commission of India is one body whose main objective is to promote fair competition for the greater good, wherein it actively prohibits three kinds of activities viz, anticompetitive agreements and abuse of dominance known as monopolization and anticompetitive mergers. CCI ensures that no enterprise indulges in activities that are either anticompetitive or abusing one's dominance in any manner. If found guilty of the same, it imposes a heavy penalty on the parties involved. There have been several instances where CCI has proved that anticompetitive agreements and abuse of dominance will not be taken lightly, and has rightfully penalized the business entities, partaking in such activities.

After painting a clear picture of what cartels and monopolies are and how they operate based on their characteristics, an amalgamation of both advantages and disadvantages, it could be said, to an extent, that, all cartels are monopolies, but not all monopolies are cartels. The sole reason for the same is the number of sellers involved in the agreements. While cartels have a group of entities that operate as a single unit, monopoly, in actuality is a single unit, meaning only one business or a company has a monopoly and not a group, consisting of companies, engaged in the same kind of business.

Besides, it is often said that excess of anything is bad, so it must not be forgotten, that excessive cartelization or monopolization, is going to attract provisions of laws enacted for ensuring fair competition. Therefore, cartels and monopolies are good, only until, they are not hindering the growth of an economy and, affecting consumers and the market in a grievous manner.