

# PRODUCTION CONCENTRATION AND THE CONSUMER—Comments on a point touched by the Monopolies Inquiry Commission

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## PART I

1. AFTER GIVING the industrial groupwise (descriptive) summary of about 1300 indigenously manufactured products, the Monopolies Inquiry Commission proceeds, in its report,<sup>1</sup> to state the concentration position of "about 100 products specially selected in view of their importance to the ordinary consumer". This statement is followed by a statistical table containing exactly 100 products with the percentage share (in production) of top three enterprises along with the degree of concentration "H, M, L or N" and the number of enterprises. The chapter on productwise concentration ends abruptly at this stage without giving any idea about its extent or its impact on the ordinary or average consumer. The official summary, moreover, mentions that out of these 100 products "high" concentration is found in 65 products. Such a statement may be literally true, but is devoid of any meaningful content as the products are non-additive and non-representative, and so it can lead to wrong conclusions.

2. This note is a criticism of the way "the ordinary consumer" has been visualized and treated by the Commission. Even a cursory glance at the "specially selected 100 products" reveals that the ordinary consumer as visualized by the Commission is a gross misconception. The objections are at least three-fold, viz., (i) the approach to the problem, (ii) selection of the products, and (iii) presentation of the data.

3. It is apparent that the Commission intends to refer to the final consumers (people of the society), and not to all sorts of business enterprises which are also consumers in a wider sense. The Commission is concerned with the ordinary consumer but nowhere explains what it means by the term "ordinary". He could be an average person of the middle income group in India such that more or less equal number of

<sup>1</sup> Report of the Monopolies Inquiry Commission, 1965, Vol. I and II, p. 30.