

Anti-Competitive Practices by Tech Companies

A parliamentary group suggested ex-ante regulations to stop anti-competitive behaviour in digital markets. What is anti-competitive behaviour or practices by big tech companies? Why is it necessary to regulate them? Know more about this topic in this article. This topic is part of the polity and governance section of the [UPSC syllabus](#).

What is Anti-Competitive Behavior?

Anti-competitive behaviour is an action taken by one or more businesses to prevent other businesses from entering or succeeding in their market. Anti-competitive behaviour can distort markets in a number of ways, including by raising prices, degrading services, and restricting innovation.

Standing Committee Report

- The Standing Committee on Finance submitted its report on 'Anti-Competitive Practices by Big Tech Companies'.
- This Report examines major anti-competitive actions by Big Tech firms and presents the Committee's views and suggestions on each subject.

Summary of the Report

- **Anti-steering:** Anti-steering clauses prohibit business users of a platform from directing their clients to offers other than those made available by the platform. The Committee advised Systemically Important Digital Intermediaries (SIDs) not to impose a requirement for the purchase of additional goods or services in order to use their platform.
- **Bundling and tying:** The Committee opined that SIDs should not force businesses or end users to subscribe to any further services for being able to use their core platform service.
- **Third-party applications:** The Committee noted that SIDs should allow and technically enable the installation and use of third-party software applications.
- **Revamping CCI:** The Committee opined that the [Competition Commission of India \(CCI\)](#) should be strengthened to address anti-competitive behaviour in digital markets. It suggested the creation of a specialized digital markets unit in CCI.
- **Data Usage:** The Committee recommended that SIDs should not process the personal data of end users who use services of third parties, if such parties use the core services of the SID.
- **Regulating digital markets:** The Committee recommended that competitive behaviour needs to be evaluated before markets end up monopolized instead of the ex-post evaluation done currently.
- **Self-preferencing:** Self-preferencing is a practice wherein a platform favours its own services or the services of its subsidiaries. The Committee recommended that SIDs must not favour their own services over those of their competitors when mediating access.

- **Digital Gatekeepers:** The Committee advised India to identify the top participants in the digital markets and classify them as Systemically Important Digital Intermediaries (SIDIs) based on their revenue, market capitalization, and the number of operational enterprises and end users.

Digital Competition Act

- The Standing Committee on Finance noted that in order to handle the particular requirements of the digital market, India needs to strengthen its competition law.
- To **promote a fair, open, and contestable digital ecosystem, the Committee advised the government to pass a Digital Competition Act.**
- The Committee also felt that the CCI's functions should be expanded in order to better combat anti-competitive behaviour in digital markets.
- It recommended creating a specialized digital markets division within the CCI.
- **This institution would:**
 - Oversee both established and new SIDIs;
 - Advise the central government on SIDI designation;
 - Assess compliance; and
 - Rule on disputes involving digital marketplaces.

Conclusion

India has proposed or put out legislation to control data collecting and dismantle the monopolies of the Big Tech firms. It will be interesting to observe what steps Big Tech companies take to curtail the alleged anti-competitive behaviours, even though it may take some time for formal rules adopting the Committee's recommendations to be developed.