



Market Monopoly and Anti-Competitive Practices

For Prelims: [Market Monopoly](#) and [Anti-Competitive Practices](#), Google Play Store, [Competition Commission of India \(CCI\)](#), [Competition Act, 2002](#).

For Mains: Market Monopoly and Anti-Competitive Practices, Market Monopoly and Laws in India, Inclusive growth and issues arising from it.

[Source: TH](#)

Why in News?

Recently, a dispute has emerged between Google and app developers, where Google removed almost a dozen firms **out of its marketplace for Android apps**.

- The dispute incorporates concerns over [Market Monopoly](#) and [Anti-Competitive practices](#), with Google's firm grip over the Android app ecosystem serving as a focal point of contention.

What is the Issue Between Google and App Developers?

- **Background and Context:**
 - Google's Android platform and its app marketplace, **Google Play**, dominate the **Indian smartphone ecosystem**.
 - Indian app developers rely heavily on Google Play for **distribution and monetization of their apps**, making them susceptible to Google's policies and fees.
 - The dispute stems from Google's **imposition of fees ranging from 11% to 30% on in-app purchases of digital services**, which developers consider excessive and harmful to innovation and competition.
- **Issues and Concerns:**
 - Indian app developers, including major players like **Bharat Matrimony and Disney+ Hotstar**, have challenged Google's fees in court, citing economic burden and lack of choice.
 - The [Competition Commission of India \(CCI\)](#) has fined Google for **anticompetitive practices**, indicating **regulatory scrutiny** over its market dominance and pricing policies.
 - The conflict underscores broader concerns about platform monopolies and their impact on **small and medium-sized enterprises (SMEs)**, innovation, and consumer welfare.
- **International Comparisons:**
 - Similar disputes between tech giants and app developers have occurred globally, with **Apple facing scrutiny over its App Store fees** and practices.
 - Legal and regulatory actions in jurisdictions like the **European Union and the United States** serve as precedents for addressing **antitrust concerns and enforcing fair competition** in digital markets.

How Does the Play Store Work?

- Google's operating system Android runs on **Samsung, OnePlus, Motorola and Oppo among other smartphones.**
- Some of the Google apps and Play Store come pre-installed in the phones that a user buys.
- But in order to add a new app, the user **has to visit the Play Store and download it.**
- Apps on Google have three options to accept payments for digital services, Google's billing system, alternative payment where the company charges the commission and consumption mode where the developer redirects the user to an external website to accept payments.

What is Market Monopoly?

- **About:**
 - Market monopoly refers to a situation in which a **single company or a group of companies dominates** and controls a significant share of a particular market or industry.
 - In a monopoly, there is only **one seller or producer that provides a specific product or service**, and there are no close substitutes available to consumers.
 - This gives the monopolistic entity substantial market power, allowing it to influence the market conditions, set prices, and control the supply of goods or services.
- **Features of Market Monopoly:**
 - **Single Seller or Producer:**
 - In a monopoly, there is **only one entity that dominates the entire market.** This company is the exclusive provider of a particular product or service.
 - **High Barriers to Entry:**
 - Monopolies often arise when there are significant barriers **preventing new competitors from entering the market.** Barriers may include high startup costs, exclusive access to resources, government regulations, or strong brand loyalty.
 - **No Substitutes:**
 - Consumers have **limited or no alternative options** for the product or service offered by the monopolistic company. There are no close substitutes available in the market.
 - **Market Power and Pricing Control:**
 - The monopoly has considerable market power, allowing it to **control prices without significant fear** of competition. This can lead to higher prices for consumers and potentially reduced output.
 - **Influence Over Supply:**
 - The monopoly has control over the supply of the product or service. It can determine the quantity produced and adjust supply to impact market conditions.
 - **Lack of Competition:**
 - Due to the absence of competitors, monopolies operate in an environment where there is no direct competition for their specific product or service. This lack of competition can result in reduced incentives for innovation and efficiency.

What are the Key Terms Related to Anti-Competitive Practices?

- **Predatory Pricing:**
 - Predatory pricing occurs when a **company intentionally sets its prices below cost** in order to drive competitors out of the market. Once competitors are eliminated, the **company can raise prices to recoup losses** and enjoy a monopolistic position.
- **Cartels:**
 - Cartels are **associations of independent businesses** or countries formed to regulate production, pricing, and marketing of goods or services.
 - Cartels are typically illegal and are known for fostering anti-competitive behaviour.
- **Mergers:**
 - Mergers involve the **combination of two or more companies** into a single entity. While **not all mergers are anti-competitive**, some may reduce competition in a particular market, leading to regulatory scrutiny.
- **Price Discrimination:**

- Price discrimination occurs when a **seller charges different prices to different customers for the same product** or service. While not always illegal, it can be considered anti-competitive if it harms competition.
- **Price Fixing Agreements:**
 - Price fixing involves an agreement between competitors to set a specific price for their products or services. This **eliminates competition and artificially inflates prices, violating antitrust laws.**

What are the Indian and International Initiatives to Deal with Market Monopoly?

- **Indian:**
 - **Competition Act, 2002:** The [Competition Act, 2002](#), is the primary legislation in India addressing antitrust issues. It was enacted to promote and sustain competition in markets, prevent anti-competitive practices, and protect the interests of consumers.
 - **Competition Amendment Bill, 2022:** The proposed amendment aims to further **strengthen the regulatory framework**, address emerging challenges, and enhance the effectiveness of competition law enforcement.
 - **Competition Commission of India (CCI):** [CCI](#) is the regulator of competition **under the Competition Act, 2002** in the Indian market. It is responsible for enforcing the provisions of the Competition Act 2002. It consists of a Chairperson and Members appointed by the Central Government.
 - The CCI investigates and takes actions against anti-competitive practices, abuse of dominant position, and anti-competitive agreements.
 - **Competition Appellate Tribunal and NCLAT:** The [Competition Appellate Tribunal \(COMPAT\)](#) was initially responsible for hearing appeals against CCI decisions.
 - However, in 2017, the government **replaced COMPAT with the [National Company Law Appellate Tribunal \(NCLAT\)](#)**, which now handles appeals related to competition matters.
- **International Initiatives:**
 - **OECD Competition Committee:** The [OECD \(Organisation for Economic Cooperation and Development\)](#) addresses anti-competitive practices through various initiatives, including the **OECD Competition Committee**, which facilitates discussions and cooperation among member countries on competition-related issues.
 - **United Nations Conference on Trade and Development (UNCTAD):** It provides guidance on competition policy and law through its Intergovernmental Group of Experts on Competition Law and Policy, supporting countries in implementing effective competition frameworks.
 - It also **deals with the policies to protect consumers** from abuse and curb regulations that stifle competition.
 - **International Competition Network (ICN):** The ICN is a **network of competition authorities** from around the world. It facilitates communication and cooperation among member jurisdictions to address global competition challenges.
 - The ICN provides a platform for sharing best practices and developing guidelines on various aspects of competition law.
 - **World Trade Organization (WTO):** While primarily focused on trade issues, the [WTO](#) **addresses competition policy** through its Working Group on the Interaction between Trade and Competition Policy.
 - The aim is to ensure that competition policies do not create unnecessary barriers to trade.

Way Forward

- Advocates, such as public policy experts and industry representatives, propose regulatory reforms to enhance **competition and mitigate the dominance** of app store gatekeepers.
- It is important to include mandating transparency and fairness in app store policies, empowering

developers with more payment options, and facilitating the emergence of alternative distribution channels.

- Balancing the interests of **platform providers, developers, and consumers** requires a **nuanced approach** that prioritises innovation, competition, and consumer welfare.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. With reference to 'consumers' rights/privileges under the provisions of law in India, which of the following statements is/are correct? (2012)

1. Consumers are empowered to take samples for food testing.
2. When a consumer files a complaint in any consumer forum, no fee is required to be paid.
3. In case of death of consumer, his/her legal heir can file a complaint in the consumer forum on his/her behalf.

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

Mains:

Q. Has the Indian governmental system responded adequately to the demands of Liberalization, Privatization and Globalization started in 1991? What can the government do to be responsive to this important change? (2016)